

Big Yellow Group PLC

Annual Report & Accounts **2020**

Investing and innovating for a brighter future



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This report was approved by the Board of Directors on 8 June 2020 and signed on its behalf by:

James Gibson
Chief Executive

John Trotman
Chief Financial Officer



WE EXIST TO ENSURE THE HOPES OF PEOPLE AND BUSINESSES ARE NEVER HELD BACK BY A LACK OF SPACE

Big Yellow is the UK's brand leader in self storage. Big Yellow now operates from a platform of 100 stores, including 25 stores branded as Armadillo Self Storage, in which the Group has a 20% interest.

We own a further 13 Big Yellow self storage development sites of which six have planning consent. The current maximum lettable area of the existing platform (including Armadillo) is 5.8 million sq ft. When fully built out the portfolio will provide approximately 6.7 million sq ft of flexible storage space. Of the Big Yellow stores and sites, 98% by value are held freehold and long leasehold, with the remaining 2% short leasehold.

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

Highlights

Financial metrics	Year ended 31 March 2020	Year ended 31 March 2019	Growth
Revenue	£129.3m	£125.4m	3.1%
Like-for-like revenue ⁽¹⁾	£128.2m	£123.5m	3.8%
Store EBITDA ⁽¹⁾	£87.2m	£84.1m	3.7%
Adjusted profit before tax ⁽¹⁾	£71.0m	£67.5m	5.2%
EPRA earnings per share ⁽¹⁾	42.1p	41.4p	1.7%
Dividend – final	16.7p	16.5p	1.2%
– total	33.8p	33.2p	1.8%
Statutory metrics			
Profit before tax	£93.4m	£126.9m	(26%)
Cash flow from operating activities (after net finance costs)	£73.6m	£72.2m	1.9%
Basic earnings per share	55.8p	78.3p	(29%)
Store metrics			
Occupancy change ⁽¹⁾	(29,000 sq ft)	80,000 sq ft	n/a
Closing occupancy ⁽¹⁾	80.7%	82.4%	(1.7 ppts)
Occupancy – like-for-like stores (%) ⁽¹⁾	81.3%	82.4%	(1.1 ppts)
Average net achieved rent per sq ft ⁽¹⁾	£27.86	£27.14	2.7%
Closing net rent per sq ft ⁽¹⁾	£28.15	£27.28	3.2%

(1) See note 33 for glossary of terms



For the year

- 3.1% revenue increase largely driven by increase in average rate
- Average rate up 2.7% year-on-year. Like-for-like closing store occupancy 81.3% (2019: 82.4%)
- Cash flow from operating activities (after net finance costs) increased by 1.9% to £73.6 million
- Adjusted profit before tax up 5.2% to £71.0 million
- 1.8% increase in total dividend to 33.8 pence per share
- Statutory profit before tax of £93.4 million, down 26% from prior year due to lower revaluation gain on investment properties
- Acquisition of three new development sites in Harrow, Hayes (both London) and Slough taking the pipeline to 13 sites totalling approximately 880,000 sq ft (19% of current MLA)
- Planning consent secured on three proposed stores in year, six in total now have planning
- New £35 million seven-year loan secured from existing lender Aviva
- The necessary protocols and provisioning of equipment required to keep our staff and customers safe were rapidly and effectively implemented following the lockdown, greatly facilitated by work previously carried out in partially automating our processes

Post year end

- Placing of 8.3 million shares in April 2020 raising £79.9 million (net of expenses) to grow our development pipeline, current net debt £265 million with available liquidity of £162 million
- In the period from 1 April 2020 to 8 June 2020, we have seen 38,000 sq ft of occupancy growth (2019: growth of 24,000 sq ft) and 1.4% growth in net rent per sq ft (2019: growth of 0.5%). Current like-for-like occupancy is 82.0%
- As of 8 June, we have collected 96.7% of our April and May revenue, which compares to 97.3% over the same period last year



Our National Network

We have an extensive national network

with 75 Big Yellow stores, and 25 Armadillo stores.

We have grown our pipeline and now have a further 13 sites to develop into future Big Yellow stores.

The current maximum lettable area of the existing platform (including Armadillo) is 5.8 million sq ft. When fully built out the portfolio will provide approximately 6.7 million sq ft of flexible storage space. Of the Big Yellow stores and sites, 98% by value are held freehold and long leasehold, with the remaining 2% short leasehold.

In May 2019 we opened our 60,000 sq ft store in central Manchester, which was 37% occupied at 31 May 2020.

Armadillo acquired stores in the year in Daventry, Grimsby and Liverpool Aintree. The Group manages the Armadillo stores and has a 20% interest in them.

London

50 stores and sites

**Outside London**

63 stores and sites

“

We have grown our pipeline and now have a further 13 sites to develop into future Big Yellow stores.”



- KEY**
- > 75 Big Yellow stores (40 in London)
 - > 13 New Big Yellow stores under development (9 in London)
 - > 25 Armadillo stores (1 in London)

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 2020.

The Brexit process and the run up to the General Election led to softer demand for our business for much of the year. However, following the decisive result of that election and perceived increased clarity about the timing of the UK's exit from the European Union, we saw a significant increase in visits and enquiries with prospects up 12% in January and February compared to last year. Growth in occupancy was also up year-on-year for January and February. Unsurprisingly, this all changed in March with the onset of the Covid-19 pandemic, and the lockdown policy measures implemented.

Forming part of the storage and distribution network, and therefore considered to be an 'essential' business, we have remained open throughout the lockdown. The necessary protocols and provisioning of equipment required to keep our staff and customers safe were rapidly and effectively implemented following the lockdown, greatly facilitated by work previously carried out in partially automating our processes. Further detail is set out later in this statement and on our website bigyellow.co.uk/coronavirus/.

Following the imposition of the lockdown we experienced an immediate impact with heightened activity both in and out of the business, resulting in a net occupancy loss of 23,000 sq ft in the last two weeks of March, at a time when we would normally grow occupancy by a similar amount.

Demand from businesses has been relatively resilient over the lockdown period, however demand from short stay domestic event driven customers has been more affected. In the immediate aftermath of the lockdown both customer move-ins and move-outs were down approximately 50% and although the net impact on occupancy was negative it was modestly so given the external environment. More recently as some visibility has emerged regarding the exit from the lockdown we have and are seeing an increase in prospects and move-ins and move-outs. As of 8 June the net occupancy gain for the quarter to date is 38,000 sq ft (2019: gain of 24,000 sq ft). Prospect numbers have recovered and for the first week of June were up 20% on the equivalent period last year.

Net rent per sq ft has grown by 1.4% since 1 April 2020. A key focus over this period has been our cash management. Over 80% of our customers pay by direct debit, and as of 8 June, we have collected 96.7% of our April and May revenue, which compares to 97.3% over the same period last year.

Financial results

Revenue for the year was £129.3 million (2019: £125.4 million), an increase of 3.1%. Like-for-like revenue growth (see note 33) was 3.8%.

At 31 March 2020 like-for-like occupancy was 81.3%, a decrease of 1.1 ppts from the same time last year, having been in line with last year at the end of February. Average rental growth was up 2.7% year-on-year compared to 2.9% last year.

Operating cash flow increased by £1.4 million (1.9%) to £73.6 million for the year (2019: £72.2 million). During the year we spent £63.7 million on growth capital expenditure, compared to £83.0 million in 2019. The Group's operating profit before gains on property assets increased by £3.3 million (4.3%) to £80.0 million. The Group's statutory profit before tax was £93.4 million, a decrease of 26% from £126.9 million in the prior year with the increase in operating profit offset by a lower revaluation gain on our investment properties in the year.

Given that our central overhead and operating expense is largely embedded in the business, this revenue growth has delivered an increase of 5.2% in the adjusted profit before tax in the year of £71.0 million (2019: £67.5 million). EPRA earnings per share increased by 1.7% to 42.1p (2019: 41.4p) with an equivalent 1.8% increase in the dividend per share for the year. The increase in earnings per share is lower than that reported for adjusted profit before tax as a result of the dilution from the equity placing in September 2018.

Investment in new capacity

Following the placing in November 2014 your Board embarked on a strategy of growing the Company and its earnings in the medium-term by acquiring and developing sites of the very highest quality with a focus on London and the South East. Since then, we have purchased 15 development sites and two trading freehold stores. We have secured 8 planning consents, opened two and have a further three under construction. We have also opened three other stores where the sites had been acquired prior to November 2014. Although, we are always subject to the vagaries of the planning system, at the time of writing, we see no significant impediment to building and opening the remaining stores in the development pipeline. In doing so we have or will deploy a total of £235 million.

The development process is lengthy and often complicated, but the prize is in our view, significant. It has always been difficult to acquire sites by dint of their scarcity with competition principally coming from other uses, and a planning system which remains complex and unpredictable. The availability of sites for our use will remain limited despite the current economic dislocation, but we believe that this environment will provide some increased opportunity.

During the year the Group acquired a 6.4 acre site in Harrow, London for £20 million. The land has the benefit of an outline planning consent and Big Yellow will therefore make a reserved matters planning application for a 75,000 to 80,000 sq ft self storage centre and for approximately 110,000 sq ft of warehouse space. Upon receipt of planning permission, the Group will decide how to deal with the five acres of land which will be surplus to requirement. The Group also completed the acquisition of sites in Hayes, West London and Slough during the year.

We opened our landmark 60,000 sq ft store in central Manchester in May 2019. The store was 37% occupied at the end of May and is now generating a positive EBITDA.

The construction of our 77,000 sq ft store in Camberwell, London, our 57,000 sq ft store in Bracknell, and our 71,000 sq ft Battersea store, was delayed by the Covid-19 lockdown. We are now back on site at all three locations, and anticipate the stores opening in July 2020, September 2020 and November 2020 respectively.

Planning permission was granted last July for a 55,000 sq ft store on our site in Uxbridge, West London. Construction is expected to commence shortly, with the store scheduled to open in Summer 2021. We also received planning permission in October for a new 58,000 sq ft store in Hove, and construction will commence during this Autumn, with a view to the store opening in Spring 2022. In addition, we obtained planning permission in November for a 58,000 sq ft store in Queensbury, North West London.

The joint application at Kings Cross with the adjoining landowner, which was subject to an appeal in July 2019, was unsuccessful. We have therefore now submitted a standalone application for a slightly smaller store of approximately 105,000 sq ft based on our detailed discussions with the London Borough of Islington and the appeal determination notice.

We have also submitted planning applications on our Hayes, North Kingston and Wembley stores, and although these applications are being progressed, the recent disruption has slowed that process.

We have commenced our planning discussions on the recently acquired sites and will report back on our progress in due course.

Big Yellow now has a pipeline comprising thirteen development sites with a cost to complete of approximately £95 million in addition to the £63.7 million of capital expenditure deployed in the year. These store openings are expected to add approximately 880,000 sq ft of storage space to the portfolio, an increase of 19% from the current maximum lettable area of the Group's portfolio.

Our current estimate of net operating income at stabilisation, at today's prices, for this increase in capacity is in excess of £20.7 million. The total development cost, including cost incurred to date of £140 million, and cost to complete of £95 million, is estimated to be approximately £235 million implying an 8.8% net operating income return on cost.

The current uncertainties may present opportunities for the Group to grow its development pipeline and we believe that we are in a relatively strong position to exploit these opportunities, given the strength of our balance sheet, available headroom on our debt facilities, and our proven property development expertise. This will allow a continued focus on expansion primarily in London and its commuter towns whilst maintaining a conservative capital structure.

In order to fund the acquisition of further development sites, in April 2020 the Group raised £79.9 million (net of expenses), through the issue of 8.3 million shares. This has reduced our net debt to £265 million at 8 June 2020, we are continuing to generate positive operating cash flow and have available liquidity of approximately £162 million.

Dividends

The Group's dividend policy is to distribute 80% of full year adjusted earnings per share. Given the relative resilience of our trading since the introduction of the lockdown, we have not furloughed any employees, nor have we participated in any of the government's loan support schemes. It is also a requirement as a REIT to pay a Property Income Distribution ("PID"). The final total distribution of PID and ordinary dividend declared is 16.7 pence per share. This brings the total distribution declared for the year to 33.8 pence per share representing an increase of 1.8% from 33.2 pence per share last year.

Our people

As we have frequently stated, one of our key objectives when Big Yellow was founded was to create a culture which fostered a highly motivated and engaged team.

It is at times like this that you reap the reward for prioritising an inclusive culture and it has been so heartening and pleasing to see the energetic positive response of everyone in the business to tackle the day-to-day challenges we have faced in recent weeks. I cannot thank them enough for their continued efforts and dedication.

Board

Georgina Harvey and Steve Johnson, Non-Executive Directors, have informed the Board that they will not be seeking re-election to the Board at the forthcoming Annual General Meeting after seven and ten years of service respectively.

Georgina has made a significant and valuable contribution to the Board, in particular in respect of her expertise around Remuneration and Governance. Steve brought a wealth of knowledge from his extensive retail and business experience. I would like to thank them both for their respective contributions to the Board over the years.

Julia Hailes MBE, joined as Non-Executive Director with effect from 1 March 2020. With over 30 years' experience in the sustainability sector, Julia is

a leading opinion former, consultant and speaker on sustainability issues. Julia will chair the Group's newly formed Sustainability Committee.

Laela Pakpour Tabrizi, will be joining the Board as a Non-Executive Director with effect from 1 July 2020. Laela has significant corporate and financial experience in high growth businesses, adds to the diversity of the Board and will bring her own perspective to our discussions.

I would like to welcome both Julia and Laela to the Board and I have no doubt that they will make a significant contribution to Big Yellow in the coming years.

Outlook

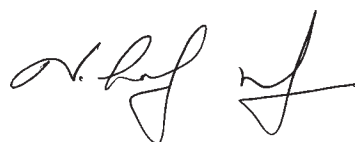
We, together with every other business, have experienced two seismic external shocks in twelve years. As was the case with the global financial crisis, the COVID-19 pandemic will most likely accelerate and accentuate pre-existing structural trends, challenges and opportunities and no doubt catalyse some that are currently unforeseen.

For this business there will be some negatives but a good deal of positives which we believe give us grounds for reasonable optimism. It will take time for those competing forces to play out and some clarity to emerge which will become evident in the performance of the business over the next few years.

Layered on to these powerful undercurrents will be cyclical challenges, the magnitude of which it is probably too early to judge. The events of the last few months have doubled down on our strongly held conviction that no management team in any business can confidently predict the timing of these momentous events, all we can assume and know with certainty is that they will happen again. It therefore leaves us in no doubt that this business should be financed conservatively with a modest amount of debt.

Although it has only been a couple of months, the business has so far proved to be relatively resilient through the initial lockdown phase, but as always, we caution that we have limited visibility as to future trading patterns.

In light of the above we will continue with our long-held strategy of building new stores in our core area of activity in London and its commuter towns, where we may see more opportunity in the next few years. We are actively continuing to pursue this external growth strategy, whilst maintaining a conservative capital structure.



Nicholas Vetch
Executive Chairman

8 June 2020

Our Investment Case

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 environments.

How we do it:

1 Attractive market dynamics

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

2 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
- 5.8 million sq ft UK footprint (Big Yellow and Armadillo combined)
- Primarily freehold estate concentrated in London and South East and other large metropolitan cities
- Larger average store capacity – economies of scale, higher operating margins
- Secure financing structure with strong balance sheet

3 Evergreen income streams

- 56,500 customers from a diverse base – individuals, SMEs and national customers
- Average length of stay for existing customers of 28 months
- 35% of customers in stores greater than two-year length of stay
- Low bad debt expense (0.2% of revenue in the year), no significant deterioration since onset of current crisis

4 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
- Growth in our Armadillo platform

5 Conversion into quality returns

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

Our Strategy

Brand 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, 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, focussed on London, the South East and large metropolitan cities. We believe that by owning a predominantly freehold estate we are insulating ourselves against: economic downturns as we operate at higher margins; adverse rent reviews; and in the long-term possible redevelopment of key stores by the landlord. It also provides us financing flexibility as rent is a form of gearing.

Two thirds of our current annualised store revenue derives from within the M25; for London and the South East, the proportion of current annualised store revenue is 83%. Any future external growth will be executed in a way to maintain a proportion of 80% or more in London and the South East with the balance in regional cities.

We currently have a pipeline of thirteen freehold development opportunities and are looking to expand that pipeline with a view to growing the Big Yellow platform to 100 stores 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, with only two store openings in London in 2019, and we anticipate five new stores in London in 2020, including two Big Yellow openings.

Our Big Yellow stores are on average 62,500 sq ft, compared to an industry average of approximately 43,000 sq ft (source: UK Self Storage Association 2020 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, 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 8.3 times for the year ended 31 March 2020. Our objective is to not let this fall below 5 times, compared to the consolidated EBITDA covenant of 1.5 times. We did this because in running this business we have to assume an external economic shock could potentially happen at any time and low leverage allows us to manage the business through the crisis. The current Covid-19 lockdown induced downturn is a very good example of this.

Self storage demand drivers

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

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

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

Resilience

The location of our stores, brand, security, and most importantly customer service, together with the diversity of our 56,500 customers, serve better than any 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. The current crisis and recession generated by the Covid-19 lockdown is very different and has resulted in a much larger short-term collapse in economic activity with significant restrictions for a period of time on personal freedoms. After an initial burst of activity in the immediate days after the introduction of the lockdown, our activity levels both in and out of the business fell by approximately 50%.

We traded like that through April and the first half of May, and after an initial net loss of occupancy of 47,000 sq ft from 1 April to 24 April, we have started to see occupancy increase again which has improved further following the partial lifting of the lockdown, with growth of 85,000 sq ft from 25 April to 8 June. Over 80% of our customers pay by direct debit, and we have not seen a significant deterioration in cash collection, with 96.7% of our April and May revenue collected as of 8 June, which compares to 97.3% over the same period last year. We are continuing to see some rate growth in the business, despite suspending rate increases to existing customers on 24 March. We intend to review this in July.

Overall, in the period since the introduction of the lockdown, the business is again proving to be resilient, but is clearly not immune to a collapse in economic activity, the restrictions on freedoms of movement, and the effect on consumer and business confidence, all of which have an impact on demand for our product.

Creating shareholder value

We continue to believe that the medium-term opportunity to create shareholder value will be achieved principally by increasing occupancy which will then generate average rent growth through our yield management systems in our existing platform. This will drive revenue, the majority of which flows through to the bottom line.

Our key objectives remain:



Leveraging our market-leading brand

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



Acquiring Armadillo assets

Selectively acquiring existing self storage assets into the Armadillo platform



Strengthening our customer relationships

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



A sustainable business

Through our corporate social responsibility initiatives, aim to create a more sustainable business which will increase shareholder and customer value in both the medium and long-term



Growing occupancy

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



Big Yellow's culture

Maintaining Big Yellow's culture as an accessible, apolitical, inclusive, non-hierarchical, socially responsible, and enjoyable place to work



Focus on cost control

Maintaining a focus on cost control, so revenue growth is transmitted through to earnings growth



A conservative capital structure

Maintaining a conservative capital structure in the business with Group interest cover of a minimum of five times



Increasing our footprint

Increasing the footprint of the Big Yellow platform principally through new site development and where possible existing prime freehold stores that meet our quality criteria



Producing sustainable returns

Producing sustainable returns for shareholders through a relatively low leverage, low volatility, high distribution REIT

Our Key Performance Indicators

KPIs

The Group's KPIs are shown in the charts on page 13. The key performance indicators of our stores are occupancy and net rent per sq ft, which together drive the revenue of the business. These are three key measures which are focused on by the Board and are reported on a weekly basis. Over the course of the past five years, both occupancy and revenue have grown significantly, albeit occupancy has fallen this year compared to the prior year following the initial impact of the UK lockdown in response to Covid-19 in March. In 2016 closing net rent increased by 2.7%, by 0.5% in 2017, by 2.7% in 2018, by 2.0% in 2019 and by 3.2% in the year to March 2020. Our key focus is on continuing to grow occupancy, with growth in net rent following once the stores have reached higher occupancy levels.

Adjusted profit before tax, adjusted earnings per share which drive the distributions to shareholders (as our dividend policy is to pay 80% of adjusted earnings as dividends) are also KPIs. The Group focuses on adjusted profit and earnings measures as they give a clearer underlying picture of the Group's trading performance without distortion from external factors such as property valuations and the fair value of derivatives.

We have delivered compound adjusted eps and dividend growth of 8% over the past five years. Compound adjusted eps growth since 2004/5 is 15%. We have illustrated the Group's performance in these measures over the past five years on page 13.

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 81.9. This has increased by 14% over the past five years. We believe this overall score compares very favourably with other consumer facing businesses.

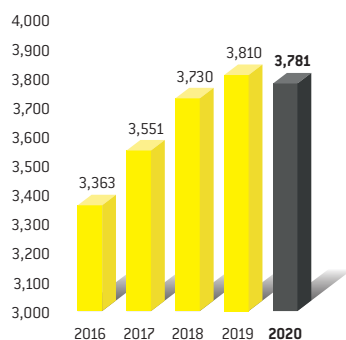
The Group has reduced its carbon intensity (our carbon emissions divided by our average occupied space) by 51% over the past five years. This has been achieved through investment in renewable technology, roof mounted solar photo-voltaic systems, and LED lighting across the Group's portfolio.

Total shareholder return

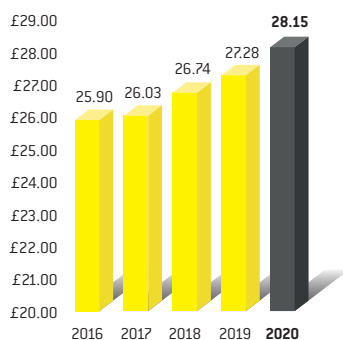
In the twenty years since flotation in May 2000, Big Yellow has delivered a Total Shareholder Return ("TSR"), including dividends reinvested, of 15.1% per annum, in aggregate 1,446% at the closing price of 1,004p on 31 March 2020. This compares to 5.1% per annum for the FTSE Real Estate Index and 3.8% 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.

Occupancy
 (000 sq ft) **(-29,000)** sq ft

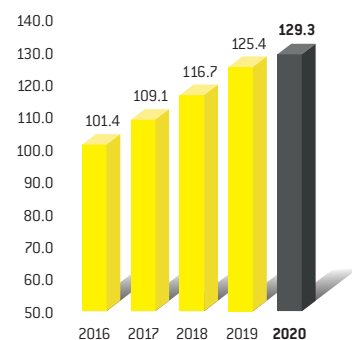
+418,000 sq ft over 5 years


Closing net rent
per sq ft (£) **+3.2%**

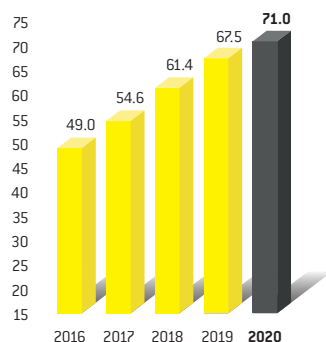
+9.9% over 5 years


Revenue
 (£m) **+3.1%**

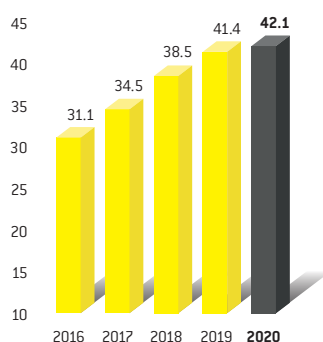
+28% over 5 years


Adjusted profit
before tax (£m) **+5.2%**

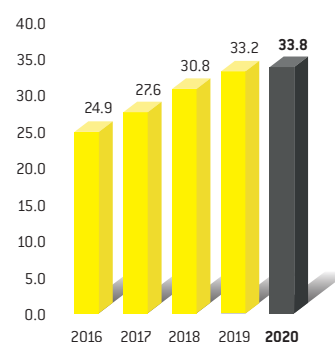
+45% over 5 years


Adjusted earnings
per share (pence) **+1.7%**

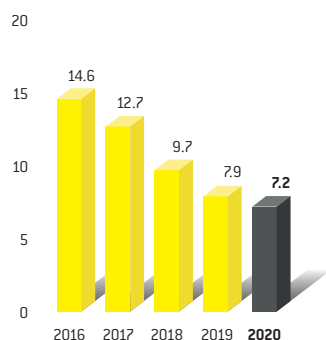
+35% over 5 years


Dividend
per share (pence) **+1.8%**

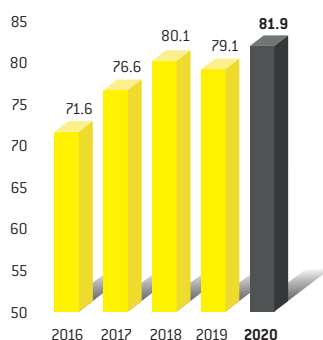
+36% over 5 years


Carbon intensity
 (per sq m occupied) **(-9%)**

(-51%) over 5 years


Net Promoter
Score **+3.5%**

+14% over 5 years



Protecting our customers and store teams

The health and safety of our team members and customers is our principal priority. Our storage facilities are large buildings yet not crowded places and generally we have a low intensity of use.

We have reviewed the updated Government's advice and carried out risk assessments to confirm our stores remain Covid-19 compliant with appropriate measures, including by way of example:

- we have limited the number of team members on site at any one time;
- we have provided Perspex barriers, floor distancing markers, face coverings, protective gloves, hand sanitisers and other washing facilities;
- we have installed appropriate Covid-19 customer signage which is kept under review;
- we are limiting the number of customers allowed into our reception area at any one time to manage social distancing;
- only one customer is allowed in a lift at a time;
- we have intensified the daily cleaning levels of our storage facilities, especially in the most commonly touched points; and
- the vast majority of our team members drive, cycle or walk to work and we have encouraged more to follow suit.

Prospective customers, should they have the need, can reserve a room, check-in online, and complete move-in documentation without needing to be present at our stores. Most customers however choose to complete the process in our receptions when they move-in, as many have never used self storage before.

Storage and distribution is one of the businesses that was requested to remain open to support essential online and offline retail. Some of our business customers are distributing medical and other essential supplies, and indeed we include the NHS and other public sector entities amongst our customers. We are also assisting food retailers and wholesalers requiring storage of dried foods.

In addition, we have customers who have had a sudden need for short-term storage triggered by the recent lockdown. Many of these are businesses whose retail outlets or distribution hubs have closed and therefore have an emergency need for the storage of their stock. Many are small entities using our services as mini logistics for e-tailing and online selling of essential goods.

We have continued to support our network of over 200 local charities to whom we provide free storage and have also provided free space to the British Red Cross in a number of our stores to support the work they are doing during the pandemic.



It has been crucial

for us to continue our support of community and charity groups during these unique and challenging times...

... We have provided the following support to local communities and charities:

— **Helped our communities helping the NHS**

We have helped support local charities who have been assisting vulnerable groups and NHS frontline workers, through our donation of storage space and boxes.

— **Local Charities and Foodbanks**

We have many charities, including foodbanks who store with us free of charge and continue to do valuable work during this time.

— **British Red Cross Support**

We have provided free storage to the British Red Cross at 27 locations to assist their distribution of disability aids and food parcels to discharged hospital patients – reducing the pressure on the NHS.

— **Big Yellow Foundation**

Our Foundation supports six charities who help vulnerable adults get back into sustainable employment. Our continued fundraising through customer donations and the matching of these donations has been vital to our charities suffering from a decline in other income at this time.



HELPING
VULNERABLE
PEOPLE
LEAD
BRIGHTER
LIVES

We now have a portfolio of 75 open and trading Big Yellow stores, with a further 13 development sites. The current maximum lettable area of the 75 stores is 4.7 million sq ft. When fully built out the portfolio will provide approximately 5.6 million sq ft of flexible storage space.

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

Operational and Marketing Review



The self storage market opportunity

In the recently published 2020 Self Storage Association UK Survey, only 48% of those surveyed had a reasonable or good awareness of self storage. Furthermore, only 10% of the 2,126 adults surveyed were currently using self storage or were thinking of using self storage in the next year. This indicates a continued opportunity for growth and with increasing use of self storage, together with the ongoing marketing efforts of everyone in the industry, we anticipate awareness will grow.

Self storage is not a commoditised product and awareness is driven largely by businesses and individuals using self storage. Consequently, the increase in awareness over time has been relatively slow, with good awareness of self storage increasing from 38% in 2014 to 48% in 2020 across the UK (source: UK SSA Survey 2020). Our YouGov Survey carried out in April 2019 showed higher levels of awareness in London of 65%, up from 58% in 2014.

Occupancy rates across the UK industry at the end of 2019 of built space was 76.2%, compared with approximately 60% in December 2008. This was down slightly from 2018, impacted by the Brexit uncertainty which intensified over 2019 until the general election in December.

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. In London in the year to 31 December 2019, there were two new store openings. We are aware of five planned store openings in London in 2020, including two Big Yellow stores.

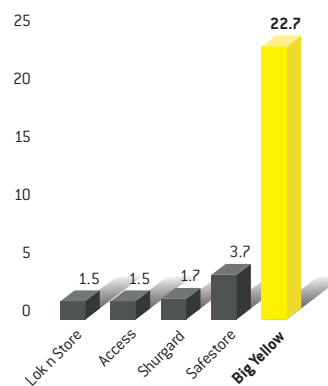
The Self Storage Association ("SSA") estimates that the UK industry is made up of approximately 1,900 self storage facilities (of which 563 are purely container operations), providing 49 million sq ft of self storage space, equating to 0.7 sq ft per person in the UK. This compares to 9.4 sq ft per person in the US, 1.9 sq ft per person in Australia and 0.1 sq ft for mainland Europe, where the roll-out of self storage is a more recent phenomenon (sources: UK Self Storage Association Survey, May 2020 and FEDESSA European Self Storage Annual Survey 2019).

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

The UK's brand leader

Big Yellow is the most well known brand in self storage. The latest YouGov survey commissioned by the UK Self Storage Association "SSA" in January 2020 measures unprompted brand awareness across the UK. The results showed Big Yellow has the highest unprompted brand recall, six times higher than our nearest competitor.

Unprompted awareness for the whole UK (%)



Source: The UK Self Storage Association YouGov Survey 2020



Operational and Marketing Review *(continued)*

Store operating model

The Big Yellow store model is well established. The “typical” store has 60,000 sq ft of MLA and takes some three to four years to achieve 85% plus occupancy. The average room size occupied in the portfolio is currently 67 sq ft, in line with last year. The store is open seven days a week and is initially run by three staff, with a part time member of staff added once the store occupancy justifies the need for the extra administrative and sales support.

The drive to improve store operating standards and consistency across the portfolio remains a key focus for the Group. Excellent customer service is at the heart of our business objectives, as a satisfied customer is our best marketing tool. We measure customer service standards through a programme of mystery shopping and online customer reviews, which are externally managed. Over the year, we have achieved an average net promoter score of 81.9.

We have a team of ten area managers in place who have on average worked for Big Yellow for 13 years. They develop and support the stores to drive the growth of the business.

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

We believe that, as a consumer-facing branded business, it is paramount to maintain the quality of our estate and customer offering. We therefore continue to invest in preventative maintenance, store cleaning and the repair and replacement of essential equipment, such as lifts and gates. The ongoing annual expenditure is approximately £37,000 per store, which is included within cost of sales. This excludes our rolling programme of store makeovers, which typically take place every five years, at a cost of approximately £20,000 per store. Over the last five years we have invested £13 million in the upkeep and maintenance of our stores, all of which has been expensed in the statement of comprehensive income.

Demand

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

We are confident that Big Yellow benefits disproportionately from this improving market for our product, due to our market-leading brand and operating platform with our focus on London, the South East and large metropolitan cities.

Customers renting storage space whilst moving within the rental or owner-occupied sectors represent 39% of move-ins during the year (2019: 41%), split broadly evenly between homeowners and renters. 12% of our customers who moved in took storage space as a spare room for decluttering (2019: 12%). 37% of our customers used the product because some event has occurred in their lives generating the need for storage; they may be moving abroad for a job, have inherited possessions, are getting together or separating, are students who need storage during the holidays, or homeowners developing into their lofts or basements (2019: 35%). The balance of 12% of our new customer demand during the year came from businesses (2019: 12%).

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

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



We believe that these long-term trends may be accelerated by the current pandemic.

During 2018, the Group commissioned an external survey to assess the value the average Big Yellow store generates for its local economy. 36% of the Group's space is occupied by business customers, and the average store is home to 105 different businesses who between them employ 300 people as a direct result of their occupation. 60% of the businesses that occupy our stores are start-ups who have never rented space anywhere else before. For over half of the businesses, this is the only space they rent, for others this complements their other space. Given the growth in homeworking fuelled by the lockdown, this trend of businesses choosing to operate without needing the expense of office space may increase. Furthermore, increased homeworking in general may result in domestic customers taking small rooms to declutter and create space for home offices.

We have a dedicated national customers team for businesses who wish to occupy space in multiple stores. These customers are billed and managed centrally. We have four full time members of staff working on growing and managing our national customers. The national customers team can arrange storage at short notice at any location.



In smaller towns where we do not have representation, we have negotiated sub-contract arrangements with other operators who meet certain operating standards.

Marketing and ecommerce

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

It was therefore pleasing that the UK Self Storage Association's annual YouGov survey (published May 2020) 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 across the UK to be six times higher than our nearest competitor.

We rolled out our new customer facing website in October 2019, which presents a clean and intuitive online user experience with a focus on web conversion. With 62% of our online web visits originating from mobile devices in the year, a 'mobile first' philosophy continues to drive our thinking around any web development. The new website features a revamped and engaging size estimator tool which helps our web users to select the size of storage space they need with confidence.

The online customer experience has also been enhanced with our relaunched Live Chat. This improved feature now allows customers to communicate with us in real-time via traditional Live Chat but also through WhatsApp and Facebook Messenger. Our popular and comprehensive online FAQs provides our users with another way to ask questions they may have about the service without needing to call us directly.



Operational and Marketing Review *(continued)*

The Big Yellow website allows a user to obtain a storage price, reserve, and check-in online. This has proved useful in allowing us to manage enquiries and move-in our customers with minimal physical contact during the lockdown period.

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

For the year ahead we are developing our digital experience further, allowing customers the option to move-in remotely and complete all necessary paperwork and initial payments online before they arrive at the store. This will allow new customers to visit the store and open their storage room for the first time with even less face-to-face contact with our store teams should they wish to. This is both a valuable customer experience in a Covid-19 trading environment and will also improve productivity and efficiency in our stores going forward.

Driving online traffic

Self storage is a consumer-facing business and the development of a strong and sustainable brand is multi-layered and requires a consistency of product, customer service and interaction at all touch points, particularly online, which represents over 90% of our total enquiries.

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 continued with the design of the new website. This 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. 36% of all traffic generated from search engines to our website originated from "Big Yellow" brand searches in the year.

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

The sponsored search listings remain 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 has also allowed us to continue our regional targeted advertising to those in the market for self storage.

Online customer reviews

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 33,000 averaging 4.8 out of 5.

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

We also gain real-time customer feedback from over 9,572 Google Reviews averaging 4.6 out of 5. These help to enhance our visibility in local search engines conveying trust in the Big Yellow brand. Additionally, we have 1,899 reviews from the independent review site TrustPilot. These reviews average a 5 out of 5-star rating, labelled as "Excellent" on the TrustPilot ratings scale.

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

Social media

Social media continues to be complementary to our existing marketing channels and Big Yellow can be found actively posting content across Twitter, Facebook and Instagram. 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.

LinkedIn is also being used to communicate company achievements, CSR initiatives and to present an honest and engaging picture of what it is like to work for Big Yellow. LinkedIn is central in our drive towards more direct recruitment.



Artist's impression of Bracknell
(opening September 2020)



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

Cyber security

The Group continues to treat Cyber Security seriously. Using in-house knowledge and external specialist advice the Group regularly reviews its security posture. Further investment in protection from the ever-evolving threat landscape to the Group is made where required. We carry out frequent penetration testing of internet facing systems, use components such as anti-phishing as well as maintaining and replacing components (such as firewalls) with the latest technology and specification.

We have recently recruited a new Data Compliance Manager to oversee our ongoing compliance with GDPR and PCI DSS. The role will also include Business Continuity and Crisis Communication management. Policies and procedures are under regular review and benchmarked against industry best practice.

There are mandatory annual training courses for all the Group's employees on cyber security and data protection.

Sustainability

Our store portfolio today is twice as energy efficient as it was in 2011. Our investments in efficiency measures over the years are paying off and 98% of our stores have an Energy Performance Certificate rating of 'C' or better. Our total location-based Scope 1 & 2 Emissions reduced by 62% from 2011 and our emission intensity is now at 5.9 per m² CLA. We remain committed to increasing our solar capacity from our current 22 solar PV installations and look to add six more installations during 2020/21 (3 on new stores; 3 on our existing stores).

We also look to support our customers in making more sustainable choices, for example by installing Electric Vehicle charging pods at our new stores. For the first time this year, we are reporting our market-based emissions, thanks to our new renewable electricity contract. We understand that there are real climate change issues affecting all of us, so we will aim to develop a Zero Carbon strategy during 2020, assisted by the arrival of our new Non-Executive Director for Sustainability, Julia Hailes.

Foundation & charitable activities

The Big Yellow Foundation has continued to support our six charity partners during the year; it has raised funds of over £150,000 and has been able to distribute over £120,000 in grants. In July 2019, the Foundation appointed an independent trustee, Jess Pallot Cook, who brings a wealth of charity experience to the Board of Trustees.

By the end of February 2020, nearly one third of our customers (the average of our move-ins and move-outs) opted to contribute to our Foundation. This level of contributions has been impacted recently due to the pandemic, but the Big Yellow Executive Directors are personally donating £50,000, and the Non-Executive Directors £11,000 this year to make up for this shortfall.

Big Yellow's community investment for the year, delivered via discounted space, was £535,000, £315,000 of which was given free of charge. Our stores allocate this space to worthy local charitable organisations and not-for-profits and we house different organisations, from foodbanks to small community groups to NHS partners and the British Red Cross.

The last month of the financial year was dominated by the pandemic. However, we are very pleased to say that we have been able to play our part in helping organisations reach out to vulnerable individuals and we continue to support a large number of them either through discounted or free space or boxes.



Portfolio Summary – Big Yellow Stores

	2020				2019			
	Mature ⁽¹⁾	Established	Developing	Total	Mature	Established	Developing	Total
Number of stores	69	3	3	75	69	3	2	74
At 31 March:								
Total capacity (sq ft)	4,347,000	195,000	146,000	4,688,000	4,342,000	195,000	85,000	4,622,000
Occupied space (sq ft)	3,568,000	150,000	63,000	3,781,000	3,621,000	162,000	27,000	3,810,000
Percentage occupied	82.1%	76.9%	43.2%	80.7%	83.4%	83.1%	31.8%	82.4%
Net rent per sq ft	£28.27	£26.36	£25.58	£28.15	£27.40	£24.84	£27.39	£27.28
For the year:								
REVPAF ⁽²⁾	£27.36	£24.39	£11.95	£26.77	£26.68	£23.25	£6.48	£26.19
Average occupancy	83.8%	81.5%	35.5%	82.2%	83.7%	81.0%	20.3%	82.5%
Average annual rent psf	£27.98	£25.87	£25.62	£27.86	£27.26	£24.50	£25.52	£27.14
	£000	£000	£000	£000	£000	£000	£000	£000
Self storage income	101,890	4,110	1,293	107,293	99,807	3,866	399	104,072
Other storage related income ⁽³⁾	16,436	627	308	17,371	16,402	634	110	17,146
Ancillary store rental income	607	19	84	710	457	34	1	492
Total store revenue	118,933	4,756	1,685	125,374	116,666	4,534	510	121,710
Direct store operating costs (excluding depreciation)	(33,364)	(1,526)	(1,275)	(36,165)	(33,563)	(1,388)	(677)	(35,628)
Short and long leasehold rent ⁽⁴⁾	(1,977)	–	(14)	(1,991)	(1,988)	–	(2)	(1,990)
Store EBITDA ⁽⁵⁾	83,592	3,230	396	87,218	81,115	3,146	(169)	84,092
Store EBITDA margin	70.3%	67.9%	23.5%	69.6%	69.5%	69.4%	(33.1%)	69.1%
Deemed cost	£000	£000	£000	£000				
To 31 March 2020	574.9	34.4	41.7	651.0				
Capex to complete	–	–	0.5	0.5				
Total	574.9	34.4	42.1	651.5				

(1) The mature stores have been open for more than six years at 1 April 2019. The established stores have been open for between three and six years at 1 April 2019 and the developing stores have been open for fewer than three years at 1 April 2019. The Group's mature Battersea store was closed for redevelopment in the prior year. It is excluded from occupancy, but its revenue and costs up to the date of closure are included in the above.

(2) See glossary in note 33.

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

(4) Rent for six mature short leasehold properties accounted for as investment properties and right-of-use assets under IFRS with total self storage capacity of 339,000 sq ft, and a long leasehold lease-up store with a capacity of 64,000 sq ft. The EBITDA margin for the 63 freehold mature stores is 72.2%, and 46.6% for the six leasehold mature stores. During the prior year the Group acquired the freehold of its mature New Malden store.

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

	Year ended 31 March 2020 £000			Year ended 31 March 2019 £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⁾	125,374	3,939	129,313	121,710	3,704	125,414
Cost of sales ⁽⁷⁾	(36,165)	(2,708)	(38,873)	(35,628)	(2,517)	(38,145)
Rent ⁽⁸⁾	(1,991)	1,991	–	(1,990)	1,990	–
	87,218	3,222	90,440	84,092	3,177	87,269

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

(2) See reconciliation in cost of sales section in Financial Review on page 32.

(3) 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.

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

Our Stores



Manchester, May 2019
MLA - 60,000 sq ft



Wapping, July 2018
MLA - 25,000 sq ft



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



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



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



Cambridge, January 2016
MLA - 60,000 sq ft



Enfield, April 2015
MLA - 60,000 sq ft



Chester, February 2015
MLA - 69,000 sq ft



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



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



Chiswick, April 2012
MLA - 75,000 sq ft



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



Stockport, September 2011
MLA - 65,000 sq ft



Eltham, April 2011
MLA - 70,000 sq ft



Camberley, January 2011
MLA - 68,000 sq ft



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 - 139,000 sq ft



Balham, March 2008
MLA - 60,000 sq ft



Barking, November 2007
MLA - 64,000 sq ft



Ealing, November 2007
MLA - 57,000 sq ft



Sutton, July 2007
MLA - 70,000 sq ft



Gloucester, December 2006
MLA - 50,000 sq ft



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 - 51,000 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



Bylet, November 2003
MLA - 48,000 sq ft



Chelmsford, April 2003
MLA - 54,000 sq ft



Finchley North, March 2003
MLA - 62,000 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 - 61,000 sq ft



Cheltenham, April 2000
MLA - 50,000 sq ft



Slough, February 2000
MLA - 67,000 sq ft



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



Oxford, August 1999
MLA - 33,000 sq ft



Croydon, July 1999
MLA - 80,000 sq ft



Richmond, May 1999
MLA - 35,000 sq ft

Portfolio Summary – Armadillo Stores

	2020	2019
Number of stores	25	22
At 31 March:		
Total capacity (sq ft)	1,063,000	963,000
Occupied space (sq ft)	799,000	723,000
Percentage occupied	75.2%	75.1%
Net rent per sq ft	£17.84	£17.50
For the year:		
REVPAF	£16.04	£15.63
Average occupancy	77.5%	75.7%
Average annual rent psf	£17.55	£17.33
	£000	£000
Self storage income	14,195	12,645
Other storage related income	2,502	2,349
Ancillary store rental income	41	63
Total store revenue	16,738	15,057
Direct store operating costs (excluding depreciation)	(6,746)	(5,949)
Leasehold rent	(566)	(483)
Store EBITDA ⁽¹⁾	9,426	8,625
Store EBITDA margin	56.3%	57.3%
Cumulative capital expenditure	£m	
To 31 March 2020	83.5	
To complete	0.9	
Total capital expenditure	84.4	

(1) Store earnings before interest, tax, depreciation, amortisation, and management fees charged by Big Yellow to the Armadillo portfolios (see note 27).

The Group has a 20% interest in Armadillo. The figures shown above represent 100% of Armadillo's performance. Note 14d contains more information on the Group's share of Armadillo's financial performance.

Store Performance

The table below shows the quarterly move-in and move-out activity over the year.

Quarterly move-ins and move-outs	Total move-ins Year ended 31 March 2020	Total move-ins Year ended 31 March 2019	%	Total move-outs Year ended 31 March 2020	Total move-outs Year ended 31 March 2019	%
April to June	18,950	19,784	(4)	14,742	15,499	(5)
July to September	20,570	21,565	(5)	22,520	22,742	(1)
October to December	14,643	16,058	(9)	17,424	18,137	(4)
January to March	16,498	15,885	4	15,286	15,954	(4)
Total	70,661	73,292	(4)	69,972	72,332	(3)

The Group's activity levels during the first nine months of the year were impacted by the uncertainty surrounding Brexit, and hence both move-ins and move-outs were lower than they had been in the prior year. In January, February and up to mid-March 2020, we saw an increase in activity levels compared to the prior year, and a stronger occupancy performance than in 2019. In the last two weeks of March when a full lockdown was introduced, we did see heightened move-in and move-out activity leading to a net loss in occupancy discussed further below.

In all Big Yellow stores, occupancy for the year fell by 29,000 sq ft, against an increase of 80,000 sq ft in the prior year. The quarterly movement is shown in the table below:

Quarterly net occupancy movement	Net sq ft Year ended 31 March 2020	Net sq ft Year ended 31 March 2019	Net move-ins Year ended 31 March 2020	Net move-ins Year ended 31 March 2019
April to June	125,000	131,000	4,208	4,285
July to September	(25,000)	43,000	(1,950)	(1,177)
October to December	(165,000)	(126,000)	(2,781)	(2,079)
January to March	36,000	32,000	1,212	(69)
Total	(29,000)	80,000	689	960

We had a good quarter to June with an increase in occupancy of 125,000 sq ft, albeit lower growth than the prior year. The second quarter peaked in August and then many of our students and short-term house movers vacated in September and October, leading to a net loss in occupied rooms and sq ft occupancy. In our seasonally weakest third quarter the occupancy loss represented 3.5% of MLA, compared to 2.7% of the MLA in the prior year, with the uncertainty in the run-up to the general election weighing on consumer confidence.

In the final quarter the occupancy performance was impacted by the last two weeks in March, which are historically when we see relatively strong gains in occupancy. However, after the introduction of lockdown measures commencing in mid-March we saw heightened levels of activity both in and out of the business over the ensuing two week period to the end of March with a net overall loss of 23,000 sq ft in occupancy (2019: gain of 25,000 sq ft in the same two week period). Customer move-ins and move-outs in the business reduced significantly in April and May.

In the period from 1 April to 24 April we saw a net loss in occupancy of 47,000 sq ft compared to a loss for the same period last year of 22,000 sq ft. From 25 April to 8 June, the net growth in occupancy has been 85,000 sq ft (2019: gain of 46,000 sq ft).

The 69 mature stores are 82.1% occupied compared to 83.4% at the same time last year. The 3 established stores have fallen in occupancy from 83.1% to 76.9%, with some large space business move-outs at one of the stores during March 2020. The three developing stores added 36,000 sq ft of occupancy in the year to reach closing occupancy of 43.2%. Overall store occupancy has decreased in the year from 82.4% to 80.7%. On a like-for-like basis, excluding Manchester, which opened in May 2019, closing occupancy was 81.3%, a decrease of 1.1 percentage points.

All stores are trading profitably at the EBITDA level. The table below shows the average key metrics across the store portfolio (from the Portfolio Summary on page 22) for the year ended 31 March 2020:

	Mature stores	Established stores	Developing stores	All stores
Average store capacity	63,000	65,000	48,667	62,500
Average sq ft occupied per store at 31 March 2019	51,700	50,000	21,000	50,400
Average % occupancy	83.8%	81.5%	35.5%	82.2%
Average revenue per store (£000)	1,724	1,585	562	1,672
Average EBITDA per store (£000)	1,211	1,077	132	1,163
Average EBITDA margin	70.3%	67.9%	23.5%	69.6%

Pricing and net rent per sq ft

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

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

The average rate growth in the year was 2.7%. Net achieved rent per sq ft at 31 March 2020 grew by 3.2% over the financial year. The table below shows the growth in net rent per sq ft for the portfolio over the year (excluding Manchester).

Average occupancy in the year	Net rent per sq ft growth from 1 April 2019 to 31 March 2020	
	Number of stores	
0 to 75%	5	1.9%
75 to 85%	49	3.2%
Above 85%	20	3.8%

The net achieved rent per sq ft has grown by 1.4% since 1 April 2020, compared to 0.5% growth over the same period last year. Given the reduced number of move-ins there are fewer customers with opening offers in the business than would normally be the case. On 23 March we suspended all rate increases to existing customers. It is our intention to review this in July. Billed rent for new move-ins since 1 April has reduced by 3% compared to the same period last year.

Armadillo Self Storage

The Group has a 20% investment in Armadillo Self Storage, with the balance of 80% held by an Australian consortium. During the year Armadillo acquired three stores in Liverpool Aintree, Daventry and Grimsby, for a total consideration of £8.2 million (including costs).

This takes the Armadillo platform to 25 stores and 1.1 million sq ft of MLA. As with the other existing store acquisitions, the intention will be to upgrade and reconfigure the stores through additional investment to drive cash flow growth. In the year to 31 March 2020, £1.9 million of capital expenditure has been invested to upgrade and fit-out additional capacity in the Armadillo stores.

Armadillo is a lower-frills brand, with largely freehold conversions of existing buildings. They are in towns where we would not typically locate a Big Yellow and have an average capacity of 42,500 sq ft (lower than the 62,500 sq ft average for Big Yellow stores). Armadillo provides operational advantages to the Group, such as a wider platform to sell to national customers, more opportunities for staff promotion, and more efficient use of the Company's marketing and central overhead costs. Armadillo continues to look for opportunities to add to its platform.

Store Performance (continued)

Development pipeline

We opened our new 60,000 sq ft store in Manchester on 1 May 2019. We own a further 13 development sites, of which six have planning consent. The status of the Group's development pipeline is summarised in the table below:

Site	Location	Status	Anticipated capacity
Camberwell, London	Prominent location on Southampton Way	Planning consent granted. Construction started in November 2018, opening delayed due to lockdown, now expected July 2020.	77,000 sq ft
Battersea, London	Prominent location on junction of Lombard Road and York Road (South Circular)	Planning granted for redevelopment of original 34,000 sq ft store and redevelopment of adjoining retail into a mixed use residential led scheme. Construction started in July 2019, opening delayed due to lockdown, now expected November 2020.	71,000 sq ft
Uxbridge, London	Prominent location on Oxford Road	Planning consent granted in July 2019. Construction to commence shortly with a view to opening in Summer 2021.	55,000 sq ft
Queensbury, London	Prominent location off Honeyput Lane	Site acquired in November 2018. Planning consent granted in November 2019.	58,000 sq ft
Kings Cross, London	Prominent location on York Way	Planning application submitted in November 2019 with a decision anticipated in Summer 2020 ⁽¹⁾ .	105,000 sq ft
Hayes, London	Prominent location on Hayes Road	Site acquired in April 2019. Planning application submitted in September 2019 with a decision anticipated in June 2020 ⁽¹⁾ .	70,000 to 75,000 sq ft
North Kingston, London	Prominent location on Richmond Road, Ham	Site acquired in February 2019. Planning application submitted in December 2019 with a decision anticipated in September 2020 ⁽¹⁾ .	55,000 to 60,000 sq ft
Wembley, London	Prominent location on Towers Business Park	Site acquired in February 2019. Discussions ongoing to secure vacant possession with planning application submitted in May 2020.	65,000 to 70,000 sq ft
Harrow, London	Prominent location on Harrow View	Site acquired in June 2019. Planning discussions ongoing with a view to submitting in Summer 2020.	75,000 to 80,000 sq ft
Bracknell	Prime location on Ellesfield Avenue	Planning consent granted in January 2019 for self storage and other trade uses. Construction started in August 2019, opening delayed due to lockdown, now expected in September 2020.	57,000 sq ft
Slough	Prominent location on Bath Road	Site acquired in April 2019. Planning application to be submitted in Autumn 2020.	65,000 to 70,000 sq ft
Hove	Prominent location on Old Shoreham Road	Planning consent granted in October 2019. The site is currently occupied until Summer 2020 and it is anticipated that construction will commence in Autumn 2020 with a view to opening in Spring 2022.	58,000 sq ft
Newcastle	Prime location on Scotswood Road	Planning application to be submitted in Autumn 2020.	60,000 sq ft
Total capacity			871,000 sq ft to 896,000 sq ft

(1) Subject to the ability of local authorities to determine planning applications

The capital expenditure currently committed for the financial year ended 31 March 2021 is approximately £10 million.

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

During the year the Group sold the part of the Wyvern Industrial Estate in New Malden, London that it does not occupy for £11.8 million.

James Gibson
Chief Executive Officer

8 June 2020

Financial Review

Revenue

Total revenue for the year was £129.3 million, an increase of £3.9 million (3.1%) from £125.4 million in the prior year. Like-for-like revenue for the year was £128.2 million, an increase of 3.8% from the prior year (2019: £123.5 million). Like-for-like revenue excludes Manchester, which opened in May 2019 and Battersea which was closed for redevelopment in March 2019.

Other sales (included within the above), comprising the selling of insurance, packing materials and storage related charges, represented 13.9% of total store revenue for the year (2019: 14.1%) and generated revenue of £17.4 million for the year compared to £17.1 million in 2019.

The other revenue earned by the Group is management fee income from Armadillo and tenant income on sites where we have not started development. During the year, the Group recognised in revenue a £1 million performance fee due from Armadillo Storage Holding Company 2 Limited, for the performance of the fund over its initial five-year term.

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.

Given the relative resilience of our trading to date, we have taken the decision not to furlough any employees to date.

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

Category	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000	% change	% of store operating costs in 2020
Cost of sales (insurance and packing materials)	2,791	2,866	(3%)	8%
Staff costs	9,593	9,240	4%	26%
General & Admin	1,241	1,262	(2%)	3%
Utilities	1,100	1,373	(20%)	3%
Property rates	11,599	11,311	3%	32%
Marketing	5,474	5,294	3%	15%
Repairs & Maintenance	2,777	2,741	1%	8%
Insurance	938	934	0%	3%
Computer costs	638	587	9%	2%
Irrecoverable VAT	14	20	(30%)	0%
Total per portfolio summary	36,165	35,628	2%	

Store operating costs have increased by £0.5 million (2%) compared to the same period last year. Our new stores at Wapping and Manchester carry incremental costs of £0.6 million. Our marketing expenditure has increased by £0.2 million (3%) and includes significant variable cost associated with PPC demand. Our Battersea store has been closed for redevelopment saving £0.4 million of operating costs in this period.

The expenditure on utilities has reduced by £0.3 million following a significant backdated recharge of electricity costs to a third-party telecoms mast provider. The other increases in store operating costs of £0.4 million are mainly inflationary.

Financial Review (continued)

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

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Direct store operating costs per portfolio summary (excluding rent)	36,165	35,628
Rent included in cost of sales (total rent payable is included in portfolio summary)	1,276	1,075
Depreciation charged to cost of sales	348	393
Head office and other operational management costs charged to cost of sales	1,084	1,049
Cost of sales per statement of comprehensive income	38,873	38,145

Store EBITDA

Store EBITDA for the year was £87.2 million, an increase of £3.1 million (3.7%) from £84.1 million for the year ended 31 March 2019 (see Portfolio Summary). The overall EBITDA margin for all Big Yellow stores increased to 69.6% (2019: 69.1%).

Administrative expenses

Administrative expenses in the statement of comprehensive income of £10.5 million were down £0.1 million compared to the prior year. The reduction is due to a fall in the IFRS 2 share-based payments charge, and a lower vesting percentage for the Directors' deferred bonus plan in the year.

The non-cash share-based payments charge represents £2.3 million of the overall £10.5 million expense.

Interest expense on bank borrowings

The gross bank interest expense for the year was £10.6 million, an increase of £0.7 million from the prior year. The average cost of borrowing during the year was 2.6% compared to 2.9% in the prior year. Average debt levels were higher than in the prior year.

Capitalised interest increased by £0.8 million from the prior year.

The interest capitalised in the year is principally on our developments at Camberwell, Battersea, Bracknell and Uxbridge.

Total finance costs in the statement of comprehensive income decreased to £10.8 million from £11.2 million in the prior year.

Profit before tax

The Group made a profit before tax in the year of £93.4 million, compared to a profit of £126.9 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 £71.0 million, up 5% from £67.5 million in 2019.

	2020 £m	2019 £m
Profit before tax analysis		
Profit before tax	93,447	126,855
Gain on revaluation of investment properties	(23,193)	(58,898)
Movement in fair value on interest rate derivatives	908	1,123
Gain on disposal of investment property	(57)	–
Share of associate fair value gains and losses	(107)	(1,615)
Adjusted profit before tax	70,998	67,465

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 2019	67.5
Increase in gross profit	3.2
Increase in net interest payable	(0.6)
Reduction in administrative expenses	0.1
Increase in capitalised interest	0.8
Adjusted profit before tax – year ended 31 March 2020	71.0

Basic earnings per share for the year was 55.8p (2019: 78.3p) and fully diluted earnings per share was 55.6p (2019: 78.0p). Diluted EPRA earnings per share based on adjusted profit after tax was up 2% to 42.1p (2019: 41.4p) (see note 12). EPRA earnings per share equates to the Company's adjusted earnings per share in the current year.

REIT status

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

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

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

Taxation

There is a tax charge in the current year of £0.9 million. This compares to a charge in the prior year of £0.4 million. The current year tax charge reflects an increase in profits in our residual business, in part due to lower deductions allowed in the current year for tax purposes from the exercise of share options.

Dividends

The Board is recommending the payment of a final dividend of 16.7 pence per share in addition to the interim dividend of 17.1 pence, giving a total dividend for the year of 33.8 pence, an increase of 1.8% from the prior year.

REIT regulatory requirements determine the level of Property Income Distribution ("PID") payable by the Group. On the basis of the full year distributable reserves for PID purposes, a PID of 30.6 pence per share is payable (31 March 2019: 29.2 pence). The balance of the total annual dividend represents an ordinary dividend declared at the discretion of the Board, in line with our policy to distribute 80% of our adjusted earnings per share in each reporting period. The PID for the year to 31 March 2020 accounts for 91% of the total dividend. The table below summarises the declared dividend for the year:

Dividend (pence per share)	31 March 2020	31 March 2019
Interim dividend – PID	17.1p	16.7p
– discretionary	nil p	nil p
– total	17.1p	16.7p
Final dividend – PID	13.5p	12.5p
– discretionary	3.2p	4.0p
– total	16.7p	16.5p
Total dividend – PID	30.6p	29.2p
– discretionary	3.2p	4.0p
– total	33.8p	33.2p

Subject to approval by shareholders at the Annual General Meeting to be held on 5 August 2020, the final dividend will be paid on 10 August 2020. The ex-div date is 18 June 2020 and the record date is 19 June 2020.

Cash flow growth

The Group is strongly cash generative and draws down from its longer term committed facilities as required to meet its obligations. The Group's cash flow from operating activities for the year was £73.6 million, an increase of 2% from £72.2 million in the prior year.

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Cash generated from operations	85,074	82,912
Net finance costs	(10,178)	(9,629)
Interest on obligations under lease liabilities	(820)	(915)
Tax	(461)	(195)
Cash flow from operating activities	73,615	72,173
Capital expenditure	(63,748)	(83,038)
Proceeds on disposal of investment property	14,105	–
Receipt from Capital Goods Scheme	1,226	1,876
Dividends received from associates	649	550
Cash flow after investing activities	25,847	(8,439)
Ordinary dividends	(55,706)	(52,058)
Issue of share capital	853	65,962
Obligations under lease liabilities payments	(963)	(1,075)
Loan arrangement fees paid	(918)	(367)
Drawing of new Aviva loan	35,000	–
Increase in borrowings	29,403	7,026
Net cash inflow	33,516	11,049
Opening cash and cash equivalents	17,902	6,853
Closing cash and cash equivalents	51,418	17,902
Closing debt	(402,028)	(337,625)
Closing net debt	(350,610)	(319,723)

In the year capital expenditure outflows were £63.7 million, down from £83.0 million in the prior year. The capital expenditure during the year principally relates to the purchase of land for new stores (£38.9 million), and construction capital expenditure (£24.8 million).

The cash flow after investing activities was a net inflow of £25.8 million in the year, compared to an outflow of £8.4 million in 2019, due to the lower capital expenditure in the year, and the proceeds from the disposal of investment property at New Malden and Slough.

Placing

On 20 April 2020, the Group announced that it was issuing 8.3 million shares, raising £79.9 million (net of expenses). The Group intends to continue adding to its pipeline over the next few years, which will be funded principally by the proceeds from this placing. This will allow a continued focus on expansion primarily in London and its commuter towns whilst maintaining a conservative capital structure.

Financial Review (continued)

Balance sheet

Property

The Group's open stores and stores under development owned at 31 March 2020, which are classified as investment properties, have been valued individually by CBRE. This is the first external valuation that CBRE have carried out for the Group, having been appointed to replace Cushman & Wakefield LLP during the year. The external valuation has resulted in an investment property asset value of £1,521.4 million, comprising £1,352.7 million (89%) for the freehold (including three long leaseholds) open stores, £32.4 million (2%) for the short leasehold open stores and £136.3 million (9%) for the freehold investment properties under construction.

Investment property

The valuations in the current year have grown from the prior year, with a revaluation surplus of £23.4 million arising on the open Big Yellow stores (see note 15 for the detailed valuation methodology). The average exit capitalisation rate used in the valuations was 6.1% in the current year, in line with the prior year, with the discount rate adopted remaining at 9.3%. The increase in value compared to the prior year is principally due to the growth in cash flow from the assets and changes to the operating assumptions adopted in the valuations.

The valuation is based on an average occupancy over the 10-year cash flow period of 83.8% across the whole portfolio.

	Mature Leasehold	Mature Freehold	Established Freehold	Developed Freehold	Total
Number of stores	6	63	3	3	75 ⁽¹⁾
MLA capacity (sq ft)	339,000	4,008,000	195,000	146,000	4,688,000
Valuation at 31 March 2020 (£m)	£32.4m	£1,223.0m	£51.9m	£36.3m	£1,343.6m
Value per sq ft	£96	£305	£266	£249	£286
Occupancy at 31 March 2020	79.9%	82.3%	76.9%	43.2%	80.7%
Stabilised occupancy assumed	84.3%	84.3%	85.5%	86.0%	84.4%
Net initial yield pre-admin expenses	12.5%	6.1%	5.8%	2.8%	6.1%
Stabilised yield assuming no rental growth	14.1%	6.5%	6.8%	9.2%	6.8%

(1) Excluding Battersea which was closed in March 2019 for redevelopment, but in line with the Group's accounting policy has been shown in investment property at the year end.

The initial yield pre-administration expenses assuming no rental growth is 6.1% (2019: 6.4%) rising to a stabilised yield of 6.8% (2019: 6.7%). The stores are assumed to grow to stabilised occupancy in 21 months on average. Note 15 contains more detail on the assumptions underpinning the valuations.

Material valuation uncertainty due to Novel Coronavirus (Covid-19)

CBRE's report comments that the outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Observable market activity – that provides the empirical data for CBRE to have an adequate level of certainty in the valuation – is being impacted in the case of the properties valued. For these properties, as at the valuation date, CBRE consider that they can attach less weight to previous market evidence for comparison purposes, to inform their opinion of value. Indeed, the current response to Covid-19 means that they are faced with an unprecedented set of circumstances on which to base a judgement.

CBRE's valuation is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the Red Book. Consequently, less certainty – and a higher degree of caution – should be attached to CBRE's valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, CBRE recommend that the Group keep the valuation of the whole portfolio under frequent review.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances

– less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

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

Investment property under construction

The investment property under construction valuation has increased by £45.2 million in the year. Capital expenditure accounts for £56.9 million of this increase, notably on the site purchases discussed above, and construction expenditure, principally on Camberwell and Bracknell (Battersea is included with investment property). This has been partly offset by Manchester transferring to open stores. The valuation movement on the investment property under construction was a small deficit of £0.2 million.

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 2020 of £1,612.3 million (£90.9 million higher than the value recorded in the financial statements). With the share of uplift on the revaluation of the Armadillo stores (£0.9 million), this translates to 54.8 pence per share.

This revised valuation translates into an adjusted net asset value per share of 751.9 pence (2019: 724.4 pence) after the dilutive effect of outstanding share options.

Receivables

As of 8 June, we have collected 96.7% of our April and May revenue, which compares to 97.3% over the same period last year.

At 31 March 2020 we have a receivable of £1.4 million in respect of payments due back to the Group under the Capital Goods Scheme, as a consequence of the introduction of VAT on self storage from 1 October 2012. The receivable relates to VAT to be recovered on historic store development expenditure.

The debtor has been discounted in accordance with International Accounting Standards to the net present value using the Group's average cost of debt, with £0.1 million of the discount being unwound through interest receivable in the year. The Group has received £14.4 million to date under the Scheme, of which £1.2 million was received in the year.

Net asset value

The adjusted net asset value is 751.9 pence per share (see note 13), up 4% from 724.4 pence per share at 31 March 2019. The table below reconciles the movement from 31 March 2019:

Movement in adjusted net asset value	£m	Adjusted NAV pence per share
31 March 2019	1,209.8	724.4
Adjusted profit after tax	70.1	41.9
Equity dividends paid	(55.7)	(33.3)
Revaluation movements (including share of associate)	23.5	14.0
Movement in purchaser's cost adjustment	8.0	4.8
Other movements (e.g. share schemes)	2.9	0.1
31 March 2020	1,258.6	751.9

The table below summarises the Group's debt facilities at 31 March 2020. The average cost of debt is 2.5% (March 2019: 2.9%).

Debt	Expiry	Facility	Drawn	Average interest cost
Aviva Loan	April 2027	£117.5 million	£117.5 million	4.0%
M&G loan	June 2023	£70 million	£70 million	3.0%
Bank loan	October 2024	£240 million	£214.5 million	1.6%
Total	Average term 4.9 years	£427.5 million	£402.0 million	2.5%

Subsequent to the placing in April 2020, variable rate revolving bank debt was repaid, the effect of which has been to increase the Group's average cost of debt to approximately 3.1%. The Group's net debt at 8 June 2020 was £265 million with available liquidity of £162 million.

The Group was comfortably in compliance with its banking covenants at 31 March 2020. Further details of the Group's covenants are provided in note 19 of the accounts. For the year we had Group interest cover of 8.3 times (2019: 8.6 times) based on pre-interest operating cash flow against interest paid. Following the placing, raising £79.9 million (net of expenses) and subsequent repayment of debt, this interest cover has increased. The net debt to gross property assets ratio is 23% (2019: 22%) and the net debt to adjusted net assets ratio (see net asset value section above) is 28% (2019: 26%).

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.

During the year the Group extended the term of its bank loan by a further year. The Group also increased the quantum of the bank loan by £30 million during the period, with Bank of Ireland joining the facility taking this additional debt. The Group also has an option to increase the amount of revolving loan by a further £30 million during the course of the loan's term.

In March 2020, the Group agreed a new 7 year debt facility with Aviva of £35 million at an all-in cost of 1.96%, secured over the existing Aviva security pool of 15 stores. The all-in cost of this tranche of the loan reduces to 1.91% following the installation of 50 kWh capacity solar panels at three of the stores. The total debt facilities from Aviva are now £117.5 million of which £82.5 million will continue to amortise down to £60 million over the remaining seven years of the loan.

At 31 March 2020, the fair value on the Group's interest rate derivatives was a liability 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.

Financial Review (continued)

Share capital

The share capital of the Company totalled £16.7 million at 31 March 2020 (2019: £16.7 million), consisting of 167,138,527 ordinary shares of 10p each (2019: 166,665,158 shares). 0.5 million shares were issued for the exercise of options during the year at an average exercise price of 988p (2019: 0.9 million shares at an average price of 910p).

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.

	2020 No.	2019 No.
Opening shares	166,665,158	158,570,574
Shares issued in placing	–	7,204,301
Shares issued for the exercise of options	473,369	890,283
Closing shares in issue	167,138,527	166,665,158
Shares held in EBT	(1,122,907)	(1,122,907)
Closing shares for NAV purposes	166,015,620	165,542,251

80.3 million shares were traded in the market during the year ended 31 March 2020 (2019: 79.2 million). The average mid-market price of shares traded during the year was 1,071p with a high of 1,245p and a low of 630p.

Investment in Armadillo

The Group has a 20% investment in Armadillo Storage Holding Company Limited and a 20% investment in Armadillo Storage Holding Company 2 Limited. In the consolidated accounts of Big Yellow Group PLC, our investments in the vehicles are treated as associates using the equity accounting method. The investments are Limited companies, but the Group does also refer to them as Partnerships in these financial statements.

During the year, Armadillo acquired three existing stores in Daventry, Grimsby and Liverpool, with a combined capacity of 97,000 sq ft

The occupancy of the Armadillo stores at 31 March 2020 was 799,000 sq ft on a MLA of 1,063,000, representing 75.2% (31 March 2019: 75.1%).

The net rent achieved at 31 March 2020 by the Armadillo stores is £17.84 per sq ft, an increase of 2% from the same time last year. Revenue increased by 11% to £16.7 million for the year to 31 March 2020 (2019: £15.1 million); the like-for-like increase in revenue was 5%.

Included within administrative expenses in Armadillo 2 is a £1 million accrual for a performance fee payable to Big Yellow. The fee calculation has been based on a 31 January 2020 external property valuation for the Armadillo 2 portfolio.

The Armadillo Partnerships made a combined operating profit of £6.7 million in the year, of which Big Yellow's share is £1.3 million. After net interest costs, the revaluation of investment properties (valued by Jones Lang LaSalle), deferred tax on the revaluation surplus and movement in interest rate derivatives, the profit for the year was £4.3 million, of which the Group's share was £0.9 million.

The loans within both Armadillo Partnerships were refinanced subsequent to the year end, and now expire in April 2023.

Big Yellow has a management contract in place in each Partnership. For the year to 31 March 2020 the Group earned management fees of £2.2 million, including the performance fee referred to above. The Group's share of the dividend for the year is £0.6 million, representing a 14% yield on our equity invested.

Section 172 Statement

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, 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 doing 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 62 to 67.

Further information

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

— Employees

Operational and Marketing Review (pages 16 to 21)
Risk Management (page 40)
Governance (pages 66 and 67)

— Customers

Operational and Marketing Review (pages 16 to 21)
CSR Report (page 48)
Governance (page 66)

— Suppliers

CSR report (page 49)
Governance (page 66)

— Investors

Chairman's Statement (pages 6 to 7)
Operational and Financial Review (pages 16 to 36)
Governance (page 66)

— Environment

Operational and Marketing Review (page 21)
CSR Report (pages 42 to 57)

— Long term

Chairman's Statement (page 6)
Our investment case (pages 8 to 9)
Operational and Financial Review (pages 16 to 36)
Risk Management (pages 38 to 40)
Viability Statement (page 41)

Principal Risks and Uncertainties

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

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

Risk and impact	Mitigation	Change during the year and outlook
Self storage market risk There is a risk to the business that the self storage market does not grow in line with our projections, and that economic growth in the UK is below expectations, which could result in falling demand and a loss of income.	<p>Self storage is a relatively immature market in the UK compared to other self storage markets such as the United States and Australia, and we believe has further opportunity for growth. Awareness of self storage and how it can be used by domestic and business customers is relatively low throughout the UK, although higher in London. The rate of growth of branded self storage on main roads in good locations has historically been limited by the difficulty of acquiring sites at affordable prices and obtaining planning consent. New store openings in London and other large metropolitan cities within the sector have slowed significantly over the past few years.</p> <p>Our performance during the Global Financial Crisis ("GFC") was relatively resilient, although not immune. We believe that the resilience of our performance is due to a combination of factors including:</p> <ul style="list-style-type: none"> – a prime portfolio of freehold properties; – a focus on London and the South East and other large metropolitan cities, which proved more resilient during the GFC and where the drivers in the self storage market are at their strongest and the barriers to competition are at their highest; – the strength of operational and sales management; – continuing innovation to deliver the highest levels of customer service; – the UK's leading self storage brand, with high public awareness and online strength; and – strong cash flow generation and high operating margins, from a secure capital structure. <p>We have a large current storage customer base of approximately 56,500 spread across the portfolio of stores and hundreds of thousands more who have used Big Yellow over the years. In any month, customers move in and out at the margin resulting in changes in occupancy. This is a seasonal business and typically we see growth over the spring and the summer months, with the seasonally weaker period being the winter months.</p>	<p>The Covid-19 pandemic has caused a significant contraction in the forecast economic growth for the UK for 2020, with some commentators estimating Q2 GDP may fall by up to 30%.</p> <p>This is clearly a recent and still emerging uncertainty and risk, and the range of outcomes for the global economy are still unknown.</p> <p>The market risk has clearly increased over the past few months given the macroeconomic outlook. The Group's trade since the pandemic started, whilst impacted, has so far proved resilient.</p> <p>In addition to the pandemic, there is also increased macroeconomic uncertainty associated with the UK's exit from the EU and whether a trade deal will be agreed. The uncertainty in the run up to Brexit impacted consumer behaviour, which caused lower occupancy growth for the Group in the year ended March 2020.</p>
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. The Group is also subject to the risk of failing to obtain planning consents on its development sites, and the risk of a rising cost of development.	<p>Our management has significant experience in the property industry generated over many years and in particular acquiring property on main roads in high profile locations and obtaining planning consents. We do take planning risk where necessary, although the availability of land, and competition for it makes acquiring new sites challenging.</p> <p>Our in-house development team and our professional advisers have significant experience in obtaining planning consents for self storage centres.</p> <p>We manage the construction of our properties very tightly. The building of each site is handled through a design and build contract, with the fit-out project managed in-house using an established professional team of external advisers and sub-contractors who have worked with us for many years to our Big Yellow specification. We carried out an external benchmarking of our construction costs and tendering programme three years ago, which had satisfactory results.</p>	<p>The Group has acquired seven sites over the past couple of years, taking its total pipeline to 13 sites which, when opened, would expand the Group's current MLA by 19%.</p> <p>The planning process remains difficult and to achieve a planning consent can take anything from eighteen months to three years. Local planning policy is favouring residential development over other uses, and we don't expect this to change given the shortage of housing in the UK.</p> <p>The current pandemic has meant in-person planning committee meetings have been suspended, and we are awaiting to see how the planning authorities respond to this. This may cause delay in the Group receiving planning consents.</p> <p>We currently have planning consent on six of the 13 development sites.</p>

Risk and impact	Mitigation	Change during the year and outlook
Valuation risk <p>The valuation of the Group's investment properties may fall due to external pressures or the impact of performance.</p> <p>Lack of transactional evidence in the self storage sector leads to more subjective valuations.</p>	<p>The valuations are carried out by independent, qualified external valuers who have significant experience in the UK self storage industry.</p> <p>The portfolio is diverse with approximately 56,500 customers currently using our stores for a wide variety of reasons.</p> <p>There is significant headroom on our loan to value banking covenants.</p>	<p>The revaluation surplus on the Group's open store investment properties was £23.4 million in the year (an uplift of 2%), principally due to an improvement in underlying cash flows used in the valuations.</p> <p>There continues to be transactional evidence in the sector, with a number of portfolio transactions taking place in the current year. There have been no material transactions since the start of the pandemic, and the valuers have drawn attention in their report to material valuation uncertainty arising from the current situation.</p>
Treasury risk <p>The Group may face increased costs from adverse interest rate movements.</p>	<p>Our financing policy is to fund our current needs through a mix of debt, equity and cash flow to allow us to selectively build out the remaining development pipeline and achieve our strategic growth objectives, which we believe improve returns for shareholders. We have made it clear that we believe optimal leverage for a business such as ours should be LTV in the range 20% to 30% and this informs our management of treasury risk.</p> <p>We aim to ensure that there are sufficient medium-term facilities in place to finance our committed development programme, secured against the freehold portfolio, with debt serviced by our strong operational cash flows.</p> <p>We have a fixed rate loan in place from Aviva Commercial Finance Limited, with seven years remaining. This loan was increased by £35 million in March 2020. The Group has a £70 million loan from M&G Investments, which is 50% fixed and 50% floating, repayable in 2023. For our bank debt, we borrow at floating rates of interest and use swaps to hedge our interest rate exposure. Our policy is to have at least 40% of our total borrowings fixed, with the balance floating. At 31 March 2020 45% of the Group's total borrowings were fixed or subject to interest rate derivatives. The Group reviews its current and forecast projections of cash flow, borrowing and interest cover as part of its monthly management accounts. In addition, an analysis of the impact of significant transactions is carried out regularly, as well as a sensitivity analysis assuming movements in interest rates and store occupancy on gearing and interest cover. This sensitivity testing underpins the viability statement below.</p> <p>The Group regularly monitors its counterparty risk. The Group monitors compliance with its banking covenants closely. During the year it complied with all its covenants and is forecast to do so for the foreseeable future.</p>	<p>Interest rates were reduced to 10bps in March 2020, and the long-term forecast is for rates to remain at low levels for the foreseeable future. A significant proportion of the Group's debt is floating, and hence the Group will benefit from this reduction in base rates.</p> <p>Debt providers currently remain supportive to companies with a strong capital structure, as evidenced by the Group completing on the loan from Aviva after the pandemic started. That said, the current environment is likely to adversely affect liquidity and pricing.</p> <p>The Group's interest cover ratio for the year ended 31 March 2020 was 8.3 times, comfortably ahead of our internal target of 5 times and ahead of our banking covenants, as disclosed in note 19.</p>
Tax and regulatory risk <p>The Group is exposed to changes in the tax regime affecting the cost of corporation tax, property rates, VAT, Stamp Duty and Stamp Duty Land Tax ("SDLT"), for example the imposition of VAT on self storage from 1 October 2012.</p> <p>The UK's future exit from the EU creates uncertainty over the future UK tax and regulatory environment.</p> <p>The Group is exposed to potential tax penalties or loss of its REIT status by failing to comply with the REIT legislation.</p>	<p>We regularly monitor proposed and actual changes in legislation with the help of our professional advisers, through direct liaison with HMRC, and through trade bodies to understand and, if possible, mitigate or benefit from their impact.</p> <p>HMRC have designated the Group as having a low-risk tax status, and we hold regular meetings with them. We carry out detailed planning ahead of any future regulatory and tax changes using our expert advisers.</p> <p>The Group has internal monitoring procedures in place to ensure that the appropriate REIT rules and legislation are complied with. To date all REIT regulations have been complied with, including projected tests.</p>	<p>In addition to the regulatory and tax uncertainty linked to the UK's exit from the EU, the Group experienced an increase in cost in 2018 following the Government's review of business rates.</p> <p>There is a risk that tax rates will rise in the short to medium-term to fund the increased government deficits that have arisen from the policy response to the pandemic.</p>

Principal Risks and Uncertainties (continued)

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.	We were ranked in the Sunday Times 100 Best Companies to Work For survey in February 2019, showing strong levels of engagement from our employees. The Group carried out an engagement survey of its employees during the year, which showed very pleasing results of the level of engagement of our teams.
Brand and reputation risk The Group is exposed to the risk of a single serious incident materially affecting our customers, people, financial performance and hence our brand and reputation.	We have always aimed to run this business in a professional way, which has involved strict adherence with all regulations that affect our business, such as health and safety legislation, building regulations in relation to the construction of our buildings, anti-slavery, anti-bribery and data regulations. 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.	During 2018, we developed a crisis response plan with external consultants to ensure the Group is well placed to deal with a major incident more effectively. During the year, we carried out an exercise to stress-test the crisis response plan with a scenario based on a disaster at one of the Group's stores. We have explained in the Operational and Marketing Review how we have reacted operationally to the Covid-19 pandemic and ensured our staff and customers remain safe.
Security risk The Group is exposed to the risk of the damage or loss of a store due to vandalism, fire, or natural incidents such as flooding. This may also cause reputational damage.	The safety and security of our customers, their belongings, stores and our staff remains a key priority. To achieve this we invest in state-of-the-art access control systems, individual room alarms, digital CCTV systems, intruder and fire alarm systems and the remote monitoring of all our stores outside of our trading hours. We are the only major operator in the UK self storage industry that has every room in every store individually alarmed. We have implemented customer security procedures in line with advice from the Police and continue to work with the regulatory authorities on issues of security, reviewing our operational procedures regularly. The importance of security and the need for vigilance is communicated to all store staff and reinforced through training and routine operational procedures.	We have continued to run courses for all our staff to enhance the awareness and effectiveness of our procedures in relation to security. We regularly review and implement improvements to our security processes and procedures.
Cyber risk High profile cyber-attacks and data breaches are a regular staple in today's news. The results of any breach may result in reputational damage, fines, or customer compensation, causing a loss of market share and income.	The Group receives specialist advice and consultancy in respect of cyber security and we have dedicated in-house monitoring and regular review of our security systems, we also limit the retention of customer data to the minimum requirement. Policies and procedures are under regular review and benchmarked against industry best practice by our consultants. These policies also include defend, detect and response policies.	We don't consider the risk to have increased any faster for the Group than anyone else; 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.

Internal audit

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

Going concern

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

The Group issued 8.3 million shares in April 2020 by way of a placing, raising £79.9 million (net of expenses). At 8 June 2020 the Group had available liquidity of £162 million, from a combination of cash and undrawn bank debt facilities. The Group is cash generative and for the year ended 31 March 2020, had operational cash flow of £73.6 million, with capital commitments at the balance sheet date of £10 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 2021 and projections contained in the longer-term business plan which cover the period to March 2024. 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.

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

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

Viability statement

The Directors have assessed the Group's viability over a four-year period to March 2024. This period is selected based on the Group's long-term strategic plan to give greater certainty over the forecasting assumptions used. As in the assessment of going concern, the Directors have modelled a number of different scenarios on the Group's future prospects.

In making their assessment, the Directors took account of the Group's current financial position, including committed capital expenditure. The Directors carried out a robust assessment of the principal risks and uncertainties facing the business, their potential financial impact on the Group's cash flows, REIT compliance and financial covenants and the likely effectiveness of the mitigating options detailed. The Directors have assumed that funding for the business in the form of equity, bank and insurance company debt will be available in all reasonably plausible market conditions. Whilst the eventual impact of Covid-19 on the Group is uncertain, and may not be known for some time, the Group has a highly cash generative business, good liquidity and has proved relatively 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 2024.

John Trotman

Chief Financial Officer

8 June 2020

1.0 Introduction

Big Yellow Group PLC ('Big Yellow') is committed to responsible and sustainable business practices. Big Yellow's 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 private individuals and businesses by providing the storage space for their domestic and / or commercial needs, whilst aiding local employment and contributing to the local community.

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

Corporate and Social Responsibility Report



2.0 CSR Executive Summary

This has been a year of change: at a macro-level, two themes have really driven internal and external debate: Company Purpose and the financial risks posed by Climate Change.

We have worked hard to address both of these topics: our company purpose – “to ensure the hopes of people and businesses are never held back by a lack of space” has really come to life this year and I am very pleased to share them with you in the ‘About us’ section of our Corporate site.

Our purpose and values act as a blueprint to guide our interactions with all our Stakeholders.

Our work as part of the Task Force on Climate Related Financial Disclosure (‘TCFD’) recommendations has continued; we have started to align the output from our workshop with our Business Risk process; we are committed to ensuring all relevant risks, including the transition risk to a low carbon economy, are clearly understood and mitigated where appropriate. We are in a strong position and will continue to manage our business cautiously with long-term sustainability at its heart.

We are also very pleased to announce that we have appointed Julia Hailes to the Big Yellow Board as Non-Executive Director – Sustainability. We hope that her input will allow us to adapt to a changing business landscape and ensure Big Yellow continues to do its best by all its stakeholders.

Sadly, the recent months have seen all of us grapple with Covid-19. Forming part of the storage and distribution network, and therefore considered to be an ‘essential’ business, we have remained open throughout the lockdown, particularly for those customers who are doing invaluable work to keep distribution chains open so our collective needs can be met. We have continued to support our network of over 200 local charities to whom we provide free or discounted storage, and have also provided free space to the British Red Cross in a number of our stores to support the work they are doing during the pandemic.

We sincerely wish all our customers, employees, communities good health. We want to do our part in supporting us all to a speedy and full recovery.

James Gibson

Chief Executive Officer

8 June 2020

2.1 Highlights

Building on our CSR success over the last two years, we have continued to deliver strong results:

- We have maintained our inclusion in the FTSE4Good indices and improved on last year’s rating.
- We have obtained our first ever EPRA sBPR “silver” award.
- We have swiftly moved to support our customers, communities and employees through the Covid-19 challenges.
- We have met both our Foundation income and grant making expectations, with the Foundation having received an income of £155,602 to March 2020 and having paid out grants of £122,000 in the same time period.
- We have enhanced our Foundation pages on our corporate website to showcase the work we have done with our charity partners to support vulnerable individuals.
- We have refreshed several HR policies; created an Energy Management Policy and Process and underpinned our TCFD work with a Risk Management Process document which sets out alignment to our existing business risk processes.

There were no fines, notifications, penalties or settlements during 2019/20.

Corporate and Social Responsibility Report *(continued)*

2.2 Performance Overview

Please find below a table of all our commitments, the progress we have made against them and our plans going forwards. They are aligned to our 3 strategic themes:

Provide the place and space to make lives easier

Target / Commitment	Year ended 31 March	Progress during the year	Plans for 2020 and beyond
To raise £150,000 Foundation donations from our customers, Employee fundraising contributions and Big Yellow matched amounts	2020	£155,602 raised	This is a yearly target and will remain in place
Grants allocated to Big Yellow Foundation Charity partners: 75% of income allocated to charity partners	2020	78% granted	This is a yearly target and will remain in place
100% of stores with volunteering opportunities	2022	Not due	Please see the community section (full CSR Report) Target remains in place
10% of volunteering days taken up by employees	2020	Not achieved	Please see the community section (full CSR Report) Target remains in place
Four individuals on work placement contract provided and supported by a BYF charity partner by 2022	2022	Not due	Please see the community section (full CSR Report) Target remains in place
Number of individuals offered a permanent position from the above cohort – 100% of yearly cohort	2022	Not due	Please see the community section (full CSR Report) Target remains in place
Maintain Customer Engagement as measured by engagement with the Big Yellow Foundation: Monitor move-in / move-out donations – aim for maintaining 2017/18 performance	2020	Achieved	Monitored and included in Director store visit discussion Target will remain in place
Business Customers & National Accounts: Assess needs and define engagement approach	2019	Not achieved	Not achieved, but commitment remains, due date to be extended to 31 March 2021

Treat everyone fairly and respectfully, as a partner

Target / Commitment	Year ended 31 March	Progress during the year	Plans for 2020 and beyond
Report on 'prompt payment' statistics: % of invoices received & paid within 30 days Actual paid statistics	2020	All reported as per commitment Please see our Supplier section for specifics (full CSR Report)	Target remains in place
We continue to submit to all relevant Benchmarks, namely GRESB, CDP and FTSE ESG	Annual	Achieved GRESB latest: 4 Star 85% CDP latest: 'B' rating	Target remains in place
We will continue to reference and meet our most relevant standard: EPRA	Annual	Achieved EPRA Silver sBPR Award received	Target remains in place
Conduct a review of current supply chain practices and gather meaningful data to conduct a risk profile	2020	Achieved – please see our UK Modern Slavery Statement and our full annual CSR report for further information	We intend to conduct further supplier assessments
It is our aim to keep everyone safe when visiting or working at our stores. Any accident or incident is investigated and – where within our control – efforts are made to learn from the incident so that there are no repeats.	Annual	No fatalities – accident statistics are published in the H&S section of this report.	Target remains in place

Plan and act for a Sustainable Future

Target / Commitment	Year ended 31 March	Progress during the year	Plans for 2020 and beyond
Scope 1 & 2 Stores Emissions (from 2011 baseline year) reduction of 34% by 2020	2020	62.3% reduction achieved	We aim to bring our mid to long-term targets in line with a zero-carbon target during 2020/21
Scope 1 & 2 Emissions (from 2011 baseline year) reduction of 80% by 2050	2050	On track 62.3% reduction achieved	We aim to bring our mid to long-term targets in line with a zero-carbon target during 2020/21
New Energy Intensity target: 60% decrease by 2030 from our 2011 baseline	2030	On track 53.8%	Target remains in place
Achieve less than 10 tCO ₂ e per m ² occupied intensity metric	2020	Achieved 7.2 intensity metric	We will review our target during 2020/21 to assess our potential for an increase in ambition
Contractors signing up to CCS scheme with a target score of 35 points for both fit-out and shell	Annual	No fit-out CCS audits during the financial year	Target remains in place
Increase total Solar PV generation capacity by at least 10%	Annual	Achieved 28.5% increase in solar from prior year	Three new stores to be opened during 2020/21 all with planned 50kWh solar capacity each Three existing stores due to be retro fitted with 50kWh solar capacity each
Remove 1,600 kg single use plastics	2022	Achieved	By March 2020 we had sold through all items with single use plastic packaging – this KPI has been achieved ahead of time. We will be looking at other areas of our business
Educate and engage store teams to improve recycling performance – send zero waste to landfill	2025	On track 10.7% sent to landfill	Target remains in place
Review in-store water consumption against self storage benchmark	2020	Our water intensity rate is 56 m ³ of water / m ² occupied space	We have set a new intensity target of 25% improvements against 2019 baseline
100% CLA (Current Lettable Area) covered by Green aspects (%)	2025	Achieved 100%	We scaled up our EPC assessments and have reached 100% earlier than planned – we now look to maintain this
90% of our certified stores achieve an EPC performance of C or above	2025	Achieved 98.7%	We will continue to report as part of our efficiency narrative; however, this target is now complete
New-built stores pre-construction BREEAM standards 'Very Good' or above	Annual	Met	
New built stores fitted with Electric Vehicle pods (where space allows)	Annual	Met	

Corporate and Social Responsibility Report *(continued)*

3.0 People

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

We use our internal engagement survey (called Viewpoint) to access employee views on Company specific aspects such as our benefits, culture and working environment and to highlight those areas where we need to focus our attention and make any further improvements.



3.1 Highlights

- Responded swiftly to keep our employees safe and continue to support everyone through the Covid-19 crisis.
- Our proportion of female Store Managers has increased from 26% in 2018 to 30% in March 2020.
- At 31st March 2020, 38% of our Store Managers / Assistant Store Managers were female compared to 33% as at the end of March 2018.
- Our refreshed recruitment social media platforms have reduced our reliance on Agencies by nearly 60%;
- We have appointed 14 Wellbeing Experts and trained 16 Mental Health First Aiders across the business.
- Just over 50% of eligible employees are participating in our Sharesave Scheme at 31 March 2020.
- Just under 80% of eligible employees are participating in our Company Stakeholder Pension Scheme at 31 March 2020, with employee and Company contributions paid equally at 4%.
- We have internally promoted 14 Store team members into a more senior role;
- More women have been encouraged to take part in our management development programmes. In the year to January 2020, 29% of Store Manager participants who completed the programme were female; more than double the 12.5 % in 2019;
- Our employee engagement level assessed as part of our Performance Reviews for the year ended 31 March 2020, resulted in a score of 4.3 out of 5;
- For the year ended 31 March 2020, a total of 14,168 hours training were provided across the Company which equates to 35.2 hours per person;

4.0 Our Communities

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

In March 2020, when Covid-19 tested our collective resilience and willingness to help each other, we extended our support further and helped organisations, large and small, with free or discounted boxes and storage space. We play our part in strengthening the local economy and enhancing our communities during this crisis and at all other times.

In addition to our Covid-19 response, we deliver community support in two main ways:

- Firstly, through our direct community investment and engagement programme; and
- Secondly, through our Big Yellow Foundation.

4.1 Highlights

- Donated £315,000 of free space to several charitable organisations;
- Provided storage discounted by 50% or more for community or charity use, worth £218,000
- Raised £155,602 for the Big Yellow Foundation and distributed £122,700 to our 6 charity partners;

4.2 Community Investment

Free space donated for community or charity use (£)	£315,000
Space discounted by 50% or more for community or charity use (£)	£218,000
Total employee Big Yellow Foundation fundraising & Big Yellow matched funds (£)	£2,301
Total Community Investment	£535,301

Notes to the table: Definition of free space: space that cost the charitable organisation 1% or less of the space's market value

4.3 Big Yellow Foundation

Big Yellow and our customers and employees provide the income to the Big Yellow Foundation. Our Big Yellow Foundation Steering team, who meet on a quarterly basis, determines how best to raise funds and promote the Foundation to our employees, customers and suppliers. This year we have achieved:

- Raising just over £155,000 for the Foundation.
- Paying out £122,000 to our six charity partners, mainly in unrestricted funds.
- Now collecting Gift Aid.
- Big Yellow supports the Foundation with over £10,000 in donations in kind per year.

The Big Yellow Foundation is a registered charity. Our charity number is: 1171232. It has been registered as a Charitable Incorporated Organisation ('CIO').

The latest Big Yellow Foundation Annual Report and Financial Statement can be viewed on the Charity Commission website.

By the end of February 2020, nearly one third of our customers (the average of our move-ins and move-outs) opted to contribute to our Foundation.

This level of contributions has been impacted recently due to the pandemic, but the Big Yellow Executive Directors are personally donating £50,000, and the Non-Executive Directors £11,000 this year to make up for this shortfall.

Fundraising
Over £155,000 raised for the Foundation in the year



HELPING
VULNERABLE
PEOPLE
LEAD
BRIGHTER
LIVES

The six charities supported by the Big Yellow Foundation



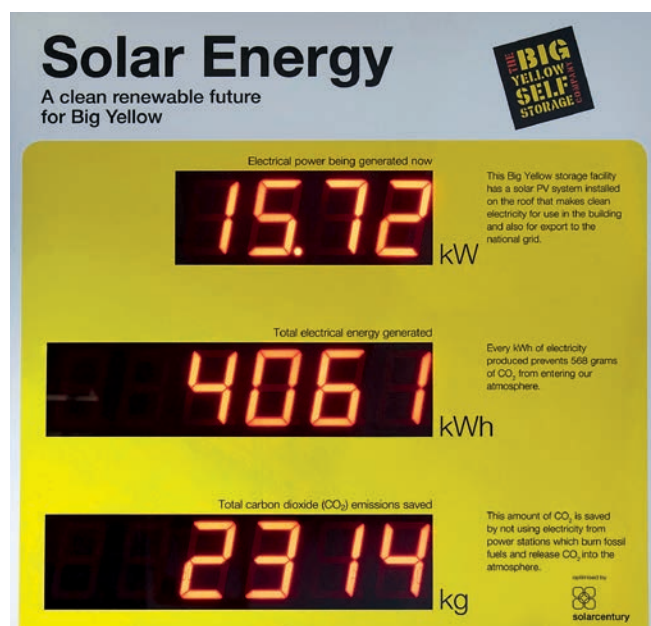
Corporate and Social Responsibility Report *(continued)*

5.0 Our Customers

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

With Covid-19 impacting us at the end of our financial year, we took swift measures to ensure our customers were kept safe when accessing their storage rooms: our staff wear masks and gloves (when necessary) and keep the appropriate distance from our customers; all our stores have received additional cleaning materials and the routines for cleaning were increased.

We continue to provide our customers with easy access to relevant environmental and broader CSR information and actively engage with them through our Big Yellow Foundation. Each store with a Solar PV (Photo Voltaic) energy supply for example has a display in either the reception or loading bay areas.



5.1 Highlights

- Solar PV generation now at 22 stores.
- Net promoter score of 81.9 ['NPS']⁽¹⁾.
- 98.6% of our stores have an EPC rating of 'C' or above for Energy efficiency.
- We have removed all single-use plastic from our packing products.
- Over two thirds of our customers surveyed were aware of our Big Yellow Foundation.

For further information on Customer Health & Safety, Customer Service Performance and our commitment to the Environment and local Communities please see our Annual Reports and Accounts and our full CSR Report 2019/20.



(1) We measure customer service standards – Net Promoter Score – through a programme of mystery shopping and customer feedback surveys on an annual basis. It is one of our key non-financial metrics.

6.0 Our Suppliers

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

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.

Towards the end of this year, with Covid-19 impacting on all our lives, we benefited from the professionalism, speed of response and dedication to us as a customer from all our suppliers, all of whom had to adapt to rapidly changing circumstances.

6.1 Highlights

- We pay 97% of our invoices within 60 days.
- Average time to pay an invoice: 30 days.
- Transparency in the Supply Chain: No issues raised via our confidential Whistleblowing Helpline.
- During 2019/20 we have formally assessed one of our suppliers who has passed the assessments with some minor recommendations for improvements.
- 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.

6.2 Supplier Payment Terms

Days	April to September 19		October 19 to March 20		Year ended 31 March 2020	
	Number of invoices	% paid	Number of invoices	% paid	Number of invoices	% paid
< 30	3,336	55%	4,358	75%	7,694	65%
30 – 60	2,543	42%	1,218	21%	3,761	32%
> 60	153	3%	197	3%	350	3%
Total	6,032		5,773		11,805	



6.3 Supplier Initiatives

This year, our Construction team signed up to the Hard Hats Recycling Scheme and engaged with our main construction supplier to join us. Every year, the UK throws away several million end-of-life hard hats. The National Hard Hat Recycling Scheme aims to change that by diverting hard hats into a dedicated waste processing facility, thereby ensuring all hat waste is fully recycled.

Our new Non-Executive Director for Sustainability, Julia Hailes, proposed this initiative in March 2020; please read more about the Scheme at www.yesrecycling.org/hard-hat-recycling.



6.4 Supply Chain Risk

We successfully audited one of our key suppliers and are happy to report that no major points of failure were identified. We provide more information in our UK Modern Slavery Act Statement (to be published August 2020) and share our approach to auditing in our CSR Report 2019/20.

Corporate and Social Responsibility Report *(continued)*

7.0 Our Health & Safety

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

Our Health & Safety Committee reviews 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.

Towards the end of our Financial Year with the outbreak of Covid-19, we took swift action to protect our staff, customers and visitors as much as possible by, amongst other measures:

- Issuing specific guidance on [additional] cleaning procedures;
- Making available extra cleaning products and personal protective equipment, such as hand sanitiser gel, facemasks and gloves, to our staff;
- Introduced home working for all head office-based staff who can work from home;
- Paid for taxis / hire cars for store staff to help minimise and avoid the use of public transport; and
- Reduced our reception trading hours and controlled access to our receptions to minimise the direct contact with our customers.

7.1 Highlights

Covid-19: We do not usually report on sickness absence and do not intend to do so this year. We have had a number of staff self-isolating and some have reported Covid-19 symptoms. However, due to the unavailability of testing, we are unable to share specific data. We are asking staff with symptoms or underlying health conditions to stay at / work from home in order to protect themselves, their colleagues and our customers.

To date, we are very thankful and relieved to report that none of our current employees have lost their lives due to Covid-19.

- There were no “Fatal Injuries, Notices or Prosecutions” during the year ended 31 March 2020 in any part of our operations.
- We can confirm that we had no reportable accidents either in our Operational activities or our Fit-out Construction activities during the year.
- We published a refreshed Health and Safety policy in September 2019; please access this on the ‘Policies’ section of our corporate website – Sustainability.
- Out of the 44 minor injuries to our customers over the last year, nearly 60% were the result of minor cuts. Our staff only suffered 10 minor injuries, for a variety of reasons, including cuts and trips. Most of these injuries and those of ‘visitors’ could have been avoided by wearing personal protective gloves and footwear.
- There were 2,667 ‘Man Days’ worked on new store construction ‘Fit Out’ projects in 2019/20. These were at our new store developments in Camberwell and Bracknell.
- During the year, we opened our new store in Manchester (in May 2019). We reported on our pleasing Considerate Constructors Scheme (‘CCS’) results in last year’s CSR report. Our two Fit-out Construction sites inspections for this year at Bracknell and Camberwell, were delayed due to Covid-19. These visits will be conducted as soon as possible and reported in our next annual report.

7.2 KPIs

Store Customer, Contractor and Visitor Health & Safety

Year ended 31 March	2017	2018	2019	2020
Number of Customer Move-ins	71,715	73,928	73,292	70,661
Number of Minor Injuries	41	61	55	56*
Number of Reportable Injuries (RIDDOR)	1	1	4	0*
RIDDOR per 100,000 Customer Move-ins	1.4	1.3	5.5	0*

+ Indicates data reviewed by SGS as part of their assurance work. See page 56 for the independent assurance. Please note normalising data is provided by the central finance team and audited as part of our third-party financial audit.

Notes: RIDDOR = Reporting of Injuries, Diseases and Dangerous Occurrences.

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

Year ended 31 March	2017	2018	2019	2020
Average Number of Staff	329	335	347.3	361.1
Number of Minor Injuries	9	13	14	10*
Number of Reportable Injuries (“RIDDOR”)	0	1	0	0*
AIIR per 100,000 staff	0*	299	0	0*

+ Indicates data reviewed by SGS as part of their assurance work. See page 56 for the independent assurance. Please note normalising data is provided by the central finance team and audited as part of our third-party financial audit.

Notes: Annual Injury Incident Rate = the number of staff reportable injuries / average number of staff (x100,000).

Big Yellow Construction 'Fit Out' Health & Safety

Year ended 31 March	2017	2018	2019	2020
Number of Total Man Days worked	1,111	2,726	2,473	2,667
Number of Minor Injuries	0	3	2	1*
Number of Reportable Injuries (RIDDOR)	0	0	0	0*

+ Indicates data reviewed by SGS as part of their assurance work. See page 56 for the independent assurance. Please note normalising data is provided by the central finance team and audited as part of our third-party financial audit.

Notes: RIDDOR = Reporting of Injuries, Diseases and Dangerous Occurrences.

8.0 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.

During 2020/21 we will be reviewing our long-term emission reduction targets.

External Benchmarking

We use the detail in this CSR Report to participate in several benchmarks, such as the annual Carbon Disclosure Project (CDP) and the Global Real Estate Sustainability Benchmark (GRESB) to engage with our other Ethical Investors. For more details, please see the CSR Benchmarking section of our corporate website.

Compliance

We have commissioned SGS United Kingdom Ltd to carry out independent assurance of our Greenhouse Gas (GHG) 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.

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 'Silver' status in terms of transparency and quality of our reporting during 2018/19 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. As we have made a few changes, we have tabled them listed them in our Basis of Reporting document.

Materiality threshold: our energy and emissions data completeness are at 100%. With 99.9% actual data for energy (0.1% accrued) and 99.9% actual data for emissions (0.1% accrued).

Reporting Materiality: UK grid bought electricity represents 88.6% of our total operational energy consumption. Solar represents 5.4%, with the remaining 6% due to gas consumption.

Assurance of Data

We have commissioned SGS United Kingdom Ltd to carry out independent assurance of our Greenhouse Gas (GHG) 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 CSR Report 2020. The list of assured indicators can be found on page 56 of this report.

8.1 Highlights

- Our absolute electricity use had a very small decrease of just under 1%; our Like for Like (LfL) store portfolio electricity use has a stronger decrease of 1.5%. LfL excludes our new store in Manchester.
- We increased our estate with Solar PV installations from 21 to 22 stores and our two retro fit installations in Bristol have now had a full year to generate electricity, which means that operational electricity from Solar as % of Grid Use has increased from 4.2% to 6.1%.
- As of October 2019, we now purchase REGO-backed⁽²⁾, 100% renewable electricity from Opus Energy, which allows us to report our market-based electricity as 'zero carbon'.
- We achieved 100% Energy Performance Certification.
- Our absolute Scope 1 and Scope 2 Store and non-Store portfolio saw a decrease of 7.8%, largely due to a favourable UK fuel mix.
- Our GHG intensity metrics have all further improved by just over 10%.
- In 2019/20 total Scope 1 and Scope 2 Store GHG Emissions achieved a reduction of 62.3% from our peak GHG emission year of 2011. This reduction is in part due to our significant investment in efficient energy lighting and motion sensor, a favourable UK fuel mix and our investment in on-site renewable generation.

(2) Rego = 'Renewable Energy Guarantees Origin'. The Renewable Energy Guarantees of Origin (REGO) scheme provides transparency to consumers about the proportion of electricity that suppliers source from renewable generation

Corporate and Social Responsibility Report *(continued)*

8.0 Our Environment *(continued)*

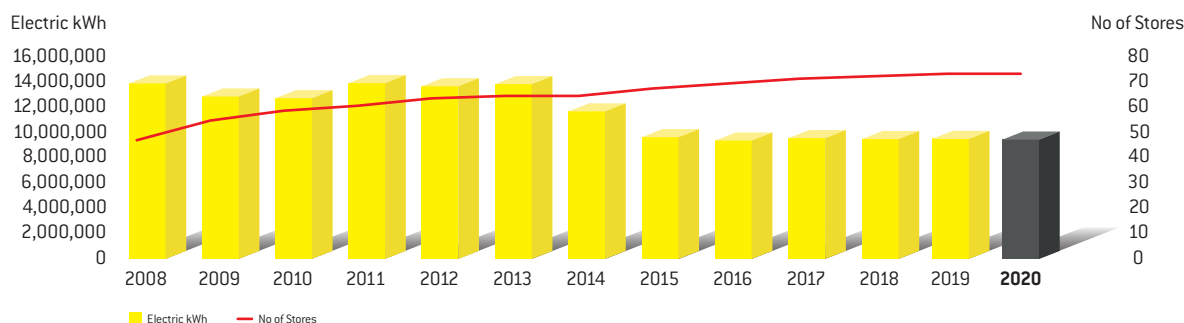
8.2 Energy

Store Portfolio Long-term Electricity:

With increasing store numbers open, our long-term electricity use is remaining pleasingly stable. This is because new stores coming on board are built efficiently, using the best technology available.

The chart shows how electricity used in our stores between 2008 and 2020 has changed over time:

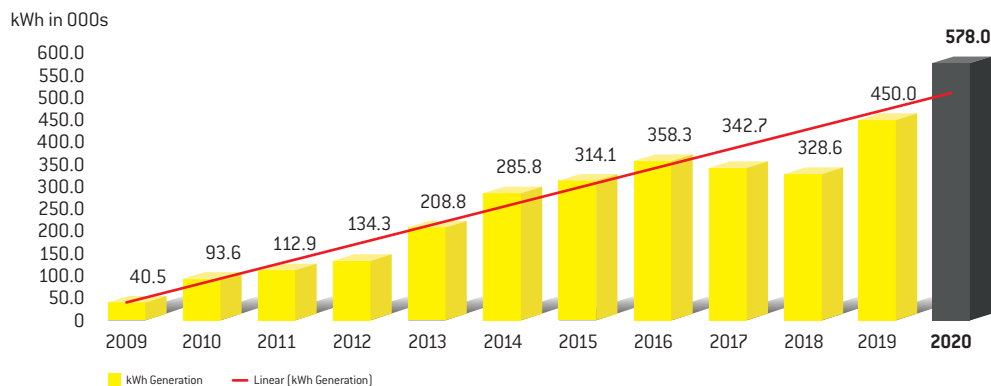
Long Term Electricity Use



Store Portfolio Long Term Solar Electricity Generation (2009 to 2020)

Our portfolio of stores with roof-mounted solar PV installations generate low carbon electricity that is monitored for performance and receives financial payments from energy companies we export to. There are 22 stores with solar PV installations, now including Manchester with an installed capacity of 50kWh.

Store Portfolio Long Term Solar Electricity Generation (2009 to 2020)



Next Steps: We have committed to installing three retrofitted 50kWh Solar PV systems in 2020/21 on our stores at Norwich, Tunbridge Wells and Watford (subject to the necessary local permits); also, our new stores due to open during 2020/21 will each have a 50kWh Solar PV installation. We remain committed to increasing our onsite renewables capacity.

8.3 Emissions

Broader Scope 1 and 2 GHG Emission Intensity

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

Year end 31 March	2018	2019	2019 restated	2020
Total GHG Scope 1 & 2 Emissions location based				
Total tonnes CO ₂ e	3,340.0	2,853.9	2,798.8	2,571 ⁺
Total GHG Scope 1 & 2 Emissions market based				
Total tonnes CO ₂ e	n/a	n/a	New for 2019/20	1,274
Scope 3 Electricity Transmission Losses and Employee Business travel				
Total tonnes CO ₂ e	312	134	366	315
tCO ₂ e/ revenue (£000s) – location based	28.6	22.8	22.3	19.9 ⁺
tCO ₂ e/ revenue (£000s) – market based	n/a	n/a	New for 2019/20	9.9
kgCO ₂ e/ Occupied space	9.7	8.0	7.9	7.2 ⁺
kgCO ₂ e/ CLA (m ²)	7.8	6.6	6.5	5.9 ⁺

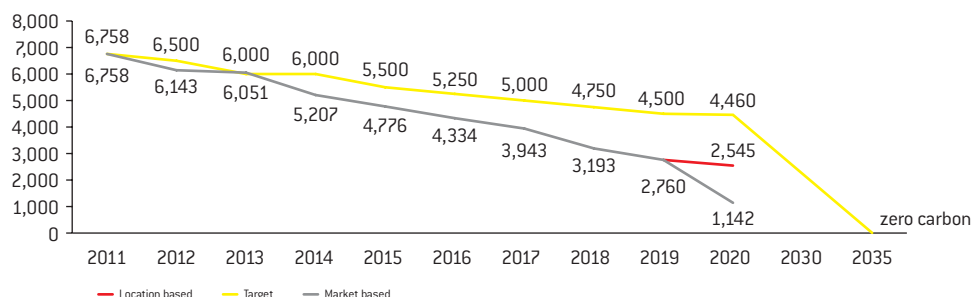
+ Indicates data reviewed by SGS. See page 56 for their independent assurance report.

Please note, the scope of the data presented here varies slightly from the data presented in the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('SECR') section of our Annual Report and Accounts.

Long Term Scope 1 & 2 Greenhouse Gas Emissions Stores (2008 to 2020) and UK targets

We have now exceeded the government set 2020 target of a 34% reduction and are on track to meet the 2050 target of an 80% total Scope 1 and Scope 2 GHG Emissions reduction. Since the completion of our five-year investment programme in LED lighting and motion sensor controls in 2017, our further emission reductions are largely due to a favourable UK fuel mix. However, our decision to purchase a 100% renewable electricity contract in October 2019 has had a significant impact on our market-based emissions. Our continued investment in onsite renewables has this year made a material difference (6.1% Solar % of Grid Use) and will do so increasingly in the coming year, with six further 50kWh Solar PV installations planned for 2020/21.

Long Term Scope 1 & 2 Greenhouse Gas Emissions Stores (2008 to 2020) and Target



Corporate and Social Responsibility Report *(continued)*

8.0 Our Environment *(continued)*

8.4 Water

We have been working hard on improving our data collection for water as we want to make sure we play our part in managing our precious resources, even if our consumption is not material. We assess materiality by conducting regular benchmarking exercises with industry best practice.

During the year, the Better Building Partnership (BBP) have refreshed their Real Estate Environmental Benchmarks (Water). We have selected: 'Water Benchmarks – Enclosed Shopping Centres' – 'Water Intensity' – Water Intensity by space (litres/m² CPA⁽³⁾/year).

At '56' (19,677m³ of water / 351,271m² occupied space), we're very pleased to share that our water consumption remains significantly lower than BBP 'Good'.

We have asked our auditors to conduct a pre-assurance gap analysis for 'Water' to their programme of work. This should allow us to identify if there are any further opportunities for data collection.

Flooding & Droughts

As we have further developed our work as part of the Task Force on Climate related Financial Disclosure (TCFD) flooding and droughts have been moved into our Risks and Opportunities section.

8.5 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.

During the year, we have had increased demand from our business customers for waste services. In several instances, we facilitated the separate collection of customers' waste (which is not reported here) but understand some stores are likely to have permitted Big Yellow bins to be used. This has impacted on our overall performance.

8.6 Resource use

We are committed to using our resources carefully to meet our present requirement without compromising the ability of future generations to meet their own needs. The eight product lines we had identified for modification by 2022 have all now had their single use plastic packaging removed. That means our initial target of removing 1,600kg of single use plastic packaging by 2022 has been achieved early and is now closed.

We will be looking at other areas of our business, such as reducing paper throughout our operations. Our first commitment is to go to a paperless move-in process during 2020/21.

8.7 Green store portfolio

Highlights

- We added to our solar PV estate by equipping our newest store – Manchester – with a 50kWhs installation.
- 100% CLA (Current Lettable Area) covered by Green aspects (%).
- 98.7% of our certified stores achieve an EPC performance of C or above.
- All of our estate is covered by an Energy Performance Certificate.
- Three stores have been identified for retrofitting Solar PV during 2020/21.
- Electric Vehicle Charging pods now as standard for all new stores (starting with Manchester).

9. Benchmarks and standards

Highlights

- We achieved a "silver" standard for EPRA sBPR (sustainable best practice reporting).
- We increased our GRESB score to 85% (4 stars).
- We achieved a 'B' (Management) rating from CDP 2019.
- We maintained our MSCI score of 'AA'.
- We maintained our FTSE4Good scores.
- We have developed a 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 BREAA standards and the Considerate Constructor Scheme ('CCS').

10. Legislation

Our full CSR Report and the relevant sections within our Annual Reports and Accounts (Director's report and CSR 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 CSR report has been reported in accordance with the WRI/WBCSD GHG Protocol – A Corporate Accounting and Reporting Standard.

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'); We have submitted our ESOS Phase 2 notification on 25th November 2019.
- Energy Performance Certificate ('EPCs') – please see 'asset list & green store portfolio' section in this report for more information.

(3) CPA (Common Part Area) at Big Yellow means our 'customer occupied space'.

11. Managing risks and opportunities

We have significantly developed our work considering climate related risk using the framework set by the TCFD recommendations. The TCFD structured its recommendations around four thematic areas that represent core elements of how organisations operate: governance, strategy, risk management, and metrics and targets.

We have documented our internal approach to climate related risks and have established the internal mechanism for feeding these into our business risk process. Please see the our Managing Risks and Opportunities section in our CSR Report 2019/20 for a full update.

We have met our Pre-Phase 1 and Phase 1 strategic objectives.

Metrics

1. Our CDP score for Risk Management Process and Risk Disclosure was a most credible 'B'.
2. Our GRESB score for their Risk and Opportunities section, which is broader than the TCFD requirements, was 15 out of 18 achievable points

Targets

We had set a trigger point of an increase of 10% or more in relevant Facilities spend – we have not reached that trigger point during 2019/2020.

12. Targets

Our Performance Section sets out our CSR plans for 2020 and beyond in detail.

13. 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 key stakeholder groups. They are identified as (1) our employees, (2) our shareholders, (3) our customers, (4) our suppliers and (5) our communities. Please note that in our full 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 in the 'Governance' section of our Corporate Website – Sustainability.

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'.

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

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

We also provide specific information on request to other investor benchmarks, where available. Please contact csr@bigyellow.co.uk should you require support.

Corporate and Social Responsibility Report *(continued)*



SGS United Kingdom Ltd's assurance opinion on selected sustainability KPIs in Big Yellow's Corporate Social Responsibility Report 2019/20

Nature, scope and purpose of the assurance

SGS United Kingdom Ltd was commissioned by Big Yellow Group plc (Big Yellow) to conduct an independent assurance of selected sustainability KPI data in their Corporate Social Responsibility Report 2019/20 ('the Report'). The scope of the assurance included FY2019 data only for the following KPIs:

Carbon footprint (Scope 1 & 2) data:

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

Health & Safety data:

- Staff, customer, and visitor minor Injuries
- Staff, customer, and visitor reportable injuries (RIDDOR)
- Staff, customer, and visitor annual Injury Incidence rate (AIR) per 100,000 staff
- Staff, customer, and visitor notices
- Construction 'fit-out' minor Injuries
- Construction 'fit-out' reportable injuries (RIDDOR)

We conducted a pre-assurance gap analysis of data for water consumption and landlord-obtained waste. The purpose of this was to support Big Yellow to identify opportunities for improvements to its data collection and reporting systems. The findings from this review are included in our report to Big Yellow management.

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 data used to normalise figures: revenue; average number of employees; current lettable area; occupied space.

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.

The Report has been assured at a limited level of assurance according to ISAE3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, to evaluate veracity of specific KPIs as described above using SGS Sustainability Report Assurance protocols, including the Global Reporting Initiative (GRI) Principles of for Report Content and Quality to enable robust evaluation of data subject to verification.

Greenhouse Gas (GHG) Data

CO₂ emissions from own operations were verified at a limited level of assurance according to standard EN ISO14064-3:2006 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 2020' 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 2020', 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 and fugitive emissions;
 - Scope 2 – purchased electricity and solar generation;
- Types of GHGs included: CO₂, N₂O, CH₄ (HFCs, PFCs, SF₆ and NF₃ are excluded)
- Directed actions: none

Methodology

The assurance comprised a combination of pre-assurance research, interviews with relevant management representatives and external data management providers, documentation and record review. 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.

Statement of responsibilities, independence and competence

The information in the Report and its presentation, including the underlying systems, procedures and records, are the responsibility of the Directors and the management of Big Yellow. SGS United Kingdom Ltd 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 data within the scope of verification with the intention to inform Big Yellow's stakeholders.

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 United Kingdom Ltd 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.

Assurance opinion and conclusion

On the basis of the methodology described and the verification work performed, nothing has come to our attention 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, fairly stated. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

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 2020', 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 01/04/2019 – 31/03/2020 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 2020' and the WRI/WBCSD GHG Protocol. The GHG information for the period 01/04/2019 – 31/03/2020 disclosing gross emissions of 2,571 metric tonnes of CO₂ equivalent 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}: 132 tCO₂e
- Scope 2 – Location based {Indirect}: 2,439 tCO₂e

Health & safety data

SGS concludes with limited assurance that there is no evidence to suggest that the presented 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 2020', and the GRI Report Quality principles of transparency accuracy, consistency, relevance and completeness.

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

- We note that there have been a number of improvements to the Health & Safety Management System this year, including developments in the Accident Reporting procedures to improve the accuracy and reliability of reported data
- Big Yellow operates a robust data collection process and the data reporting platform used was found to be robust enough to provide accurate and consistent data reporting when tested.

Opportunities for Improvement

- There are further opportunities to strengthen the central review and analysis of incoming forms and data. We welcome the fact that Big Yellow has already implemented measures to address this in 2020.
- We recommend that for its future Greenhouse Gas reporting Big Yellow considers inclusion of verified Scope 2 market-based reporting.
- We welcome the decision to carry out a pre-assurance gap analysis of water and waste data this year, and we encourage Big Yellow to include this data in the scope of the full assurance in future years.

Signed:

Authorised by:



H. Crick

UK Business Manager

For and on behalf of SGS United Kingdom Ltd

Reg Office: Rossmore Business Park, Ellesmere Port, Cheshire CH65 3EN
Registered in England No: 1193985

Date 12 May 2020

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.

Governance Report

Chair's Introduction

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.

Dear Shareholder,

I am pleased to present the Corporate Governance Report for 2020. This report should be read in conjunction with the report on pages 62 to 67, which set out how we have complied with the UK Corporate Governance Code in 2020.

This is the first year of adoption of the UK Corporate Governance Code issued by the Financial Reporting Council in July 2018.

As outlined in my report on pages 6 to 7, 2020 has been a solid year for the Company, with growth in revenue, cash flow and dividends, 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, last year we were delighted to be recognised in the Sunday Times 100 Best Companies to Work For 2019. In the year to 31 March 2020, the Executive Board Directors visited each of the Group's stores at least once, 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 81.9.

Looking ahead

Following our performance this year, our attention for the coming year is focussed on managing the business through this period of significant uncertainty induced by the Covid-19 pandemic, mitigating as much as possible the impact of the policy decisions which have led to a significant contraction in the economy. We have placed a significant emphasis during this period on ensuring the safety of our employees and customers through additional investment in Covid-19 compliance, communication, training, and employee welfare programmes. 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 are also reviewing many aspects of our business stimulated by this crisis, such as working from home, flexible working and enhanced online operations.

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
Executive Chairman

8 June 2020

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

How we are structured

THE BOARD

Nicholas Vetch
Executive Chairman

The Board is responsible for:

- 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

The Executive Directors are responsible for:

- implementing the Group's business plan and strategy
- managing the risk of the business
- focussing on financial performance



Turn to page 62 for more information

Nomination Committee

The Nominations Committee is responsible for:

- reviewing the structure, size and composition of the Board
- succession planning for Directors and other senior Executives.
- promoting diversity



Turn to pages 68 to 70 for more information

Audit Committee

The Audit Committee is responsible for:

- 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



Turn to pages 93 to 96 for more information

Remuneration Committee

The Remuneration Committee is responsible for:

- 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



Turn to pages 71 to 92 for more information

Directors, Officers and Advisers

Executive Directors

Nicholas Vetch

Executive Chairman

Was a co-founder of Big Yellow in September 1998. Prior to that, he 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. He is also a Trustee of Global Human Rights and Global Human Rights UK.

James Gibson

Chief Executive Officer

Co-founder of Big Yellow in September 1998. He 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. He is also a Non-Executive Director and shareholder of AnyJunk Limited, a Non-Executive Director and shareholder of CityStasher Limited, a Non-Executive Director and investor in Moby Self Storage, a Brazilian Self Storage business, and is the Chairman of Trustees of the London Children's Ballet.

Adrian Lee

Operations Director





Was previously a Senior Executive at Edge Properties plc, which he joined in 1996. Prior to that he was a corporate financier at Lazard for five years, having previously qualified as a surveyor at Knight Frank. He joined Big Yellow in January 1999 was appointed to the Board in May 2000.

John Trotman

Chief Financial Officer

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. He joined Big Yellow in June 2007 and was appointed to the Board in September 2007. He is on the Board of the UK Self Storage Association and is the President of FEDESSA.

Committee key

-  Nomination Committee
-  Audit Committee
-  Remuneration Committee
-  Committee Chair

Non-Executive Directors

Richard Cotton (N) (A) (R)

Non-Executive Director

Headed the real estate corporate finance team at JP Morgan Cazenove until April 2009, and subsequent to that was a Managing Director of Forum Partners. Richard is currently the Senior Independent Director of Helical plc as well as a Member of the Commercial Development Advisory Group of Transport for London. Richard joined the Board in July 2012 and is the Senior Independent Director and Chairman of the Nominations Committee.

Julia Hailes (N) (A) (R)

Non-Executive Director

Has over 30 years' experience in the sustainability sector. She has become a leading opinion former, consultant and speaker on sustainability issues. She has written or co-written nine environmental books, including The Green Consumer Guide, which sold over 1m copies worldwide. And, in 1987 co-founded environmental think tank, SustainAbility. Julia has worked with a wide range of companies, such as Procter & Gamble and Marks & Spencer, advising them on sustainability issues including waste, recycling, packaging, energy, climate change and deforestation. Between 2001 and 2006, Julia was a Non-Executive Director of Jupiter Global Green Investment Trust. Her current board positions include the charity CHASE Africa and Rubbish Ideas, a newly formed company leading the way in developing closed loop recycled cups for festivals and events. In 1992, Julia was elected to the UN Global 500 Roll of Honour for outstanding environmental achievement, and in 1999 was awarded an MBE. She joined the board of the Big Yellow in 2020 and is chairing the newly formed Sustainability Committee.

Georgina Harvey (N) (A) (R)

Non-Executive Director

Started her media career at Express Newspapers plc where she was appointed Advertising Director in 1994. She joined IPC Media Ltd in 1995 and went on to form IPC Advertising in 1998, where she was Managing Director. She was a member of the Board of IPC Media from 2000 and was Managing Director of the Regionals division of Trinity Mirror from 2005 to 2012, overseeing its transition to a digital platform. She is currently a Non-

Executive Director and Chair of the Remuneration Committee of Superdry plc, a Non-Executive Director and Chair of the Remuneration Committee of Capita plc and the Senior Independent Non-Executive Director and Chair of the Remuneration Committee of McColl's Retail Group plc. She joined the Board in July 2013 and is Chair of the Remuneration Committee.

Dr Anna Keay (N) (A) (R)

Non-Executive Director

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. She writes and broadcasts widely, presenting on history and buildings for Channel 4. She is a member of the National Trust Collection and Interpretation Advisory Group and is a Governor and Chair of the Buildings and Projects Committee at Bedales School. She joined the Board in March 2018.

Steve Johnson (N) (A) (R)

Non-Executive Director

Started his career at Bain in the 1980s before joining Asda in 1993, where he carried out a number of roles, culminating in Marketing Director. He left Asda in 2000, to join GUS as a Sales & Marketing Director, departing in 2002 to take up his first CEO role at Focus DIY, where he remained until 2007. He joined Woolworths as part of the final turnaround team in late 2008. He has most recently been working as an operating executive for TPG, and was also the Executive Chairman of Dreams plc between July 2011 and October 2012. He was the Executive Chairman of Poundworld until October 2018, and is currently a Non-Executive Director of DFS Furniture plc and the Senior Independent Director of Lenta Limited, a leading Russian supermarket operator. He joined the Board in September 2010.

Vince Niblett (N) (A) (R)

Non-Executive Director

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. He was appointed to the Board in June 2017 and is the Chairman of the Audit Committee. He is also a Non-Executive Director and Chairman of the Audit Committee of Forterra plc.

Officers and Advisers

Company Secretary and Registered office

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

Company Registration No. 03625199

Bankers

Lloyds Bank plc
HSBC Bank plc
Aviva Commercial Finance Limited
M&G Investments Limited

Solicitors

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

Financial advisers and stockbrokers

J P Morgan Cazenove

Statutory Auditor

KPMG LLP
Chartered Accountant and Statutory Auditors

Valuers

CBRE
Jones Lang LaSalle

Corporate Governance Report

Introduction

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. The Board also 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 2020, 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 the Executive Chairman of the Company having served in position for longer than the recommended period of nine years.

Chairman's position

Richard Cotton, Senior Independent Director ("SID") and Vince Niblett have consulted with a number of the Company's largest shareholders about the length of Nicholas Vetch's tenure as Executive Chairman (17 years), which is in contravention of the Combined Code. It is now 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 years since flotation in May 2000, Big Yellow has delivered a Total Shareholder Return ("TSR"), including dividends reinvested, of 15.1% per annum, in aggregate 1,446% at the closing price of 1,004p on 31 March 2020. This compares to 5.1% per annum for the FTSE Real Estate Index and 3.8% 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. This was demonstrated in the recent Covid-19 lockdown, when all stores remained open and new working practices were introduced very swiftly to safeguard staff and customers.

3. Following the 2020 AGM the Board will have five independent NEDs, four 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 recently endorsed by the external appraisal undertaken by Simon Robertson Associates.
4. The Board has separate committees for Audit, Nomination and Remuneration, 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 strength and quality of the property team.
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 were encouraged by the support of its major independent shareholders as it chose 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.

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;

Chairman and Chief Executive (continued)

- 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 Executive Board Directors 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.

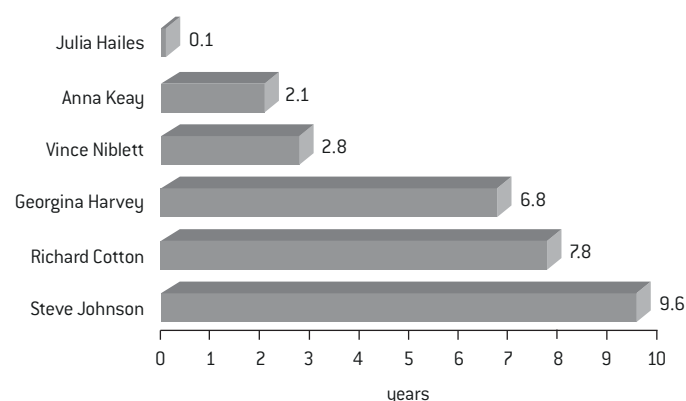
Effectiveness**Composition of the Board**

The Nominations Committee is responsible for reviewing the Board Composition and makes recommendations to the Board on the appointment of Directors. There are presently six independent Non-Executive Directors on the Board, with Richard Cotton being the Senior Independent Director. The Company complies with the UK Corporate Governance Code in that at least half of The Board 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 2020 is set out below:

**Changes to the Board and its Committees**

Steve Johnson and Georgina Harvey have informed the Board of their decision to retire from the Board with effect from the forthcoming Annual General Meeting in August. During the year, the Board appointed Julia Hailes to serve as an independent Non-Executive Director. She joined the Board on 1 March 2020. The Company has also announced that Laela Pakpour Tabrizi will be joining the Board with effect from 1 July 2020 as an independent Non-Executive Director.

Richard Cotton will succeed Georgina Harvey as the Chair of the Remuneration Committee with effect from the Annual General Meeting.

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

Corporate Governance Report (continued)

Standing committees of the Board (continued)

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	●●●●●●●●
James Gibson	Chief Executive Officer	●●●●●●●●
Julia Hailes	Non-Executive Director	○●○●○●○●
Georgina Harvey	Non-Executive Director	●●●●●●●●
Steve Johnson	Non-Executive Director	●●●●○●●●
Anna Keay	Non-Executive Director	●●●●●●●●
Adrian Lee	Operations Director	●●●●●●●●
Vince Niblett	Non-Executive Director	●●●●●●●●
John Trotman	Chief Financial Officer	●●●●●●●●
Nicholas Vetch	Executive Chairman	●●●●●●●●

● attended

○ absent, Steve Johnson missed one meeting due to an unavoidable diary conflict

○ not applicable

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.

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 revised guidance on internal control published in October 2005 (the Turnbull Guidance). 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 38 to 40 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, 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.

To assist in considering emerging risks that could impact the business, the Company has previously engaged a futurologist to facilitate a Board discussion on future changes which could impact the Company. In addition, all management are encouraged to stay abreast of all technical and other competitive advances that could impact the business.

At 31 March 2020, the Group had two associates, Armadillo Storage Holding Company Limited and Armadillo Storage Holding Company 2 Limited. James Gibson and John Trotman are Directors of both of these associates, and report back to the Big Yellow board on the business planning, risk management and internal controls of the businesses.

Going concern

The Group's activities, and a fair review of the business, are included in the Strategic Report on pages 8 to 30. The financial position of the Group, including its cash flow, liquidity, and committed debt facilities are discussed in the Financial Review on pages 31 to 36.

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.

Corporate Governance Report (continued)

Engagement with stakeholders (continued)

Stakeholder Group	Form of engagement	How this influenced the Board during the year
Our employees	<p>During the year, the Group carried out an externally facilitated employee engagement survey. Other forms of engagement include an annual conference, store visits and other Board engagement.</p> <p>We also carried out a number of pulse surveys of our staff following up on areas for improvement identified in the engagement survey.</p> <p>Further detail is provided below on how Anna Keay, the designated Workforce Engagement Director has carried out her role during the year.</p> <p>During the Covid-19 pandemic, the Executive Directors have been actively engaging with our teams on working practices and ensuring our team members and our customers are in a safe environment.</p>	<p>The employee engagement survey provides the Board with an insight into how our employees are feeling and what is important to them.</p> <p>There is further detail on how the Board engage with our people on page 67.</p> <p>Store teams have been encouraged to email the Directors directly with any recommendations or observations to improve our working protocols during the Covid-19 pandemic.</p> <p>The Directors have responded directly to all these emails, and changes have been made to the Group's practices where applicable.</p>
Our shareholders	<p>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 investor conferences and meetings during the year throughout the United Kingdom, and in the Netherlands and the United States. During the year ended 31 March 2020, the Chief Executive and other Executive Board Directors carried out 162 meetings with UK and overseas institutional shareholders and potential investors. These meetings comprised group and individual presentations and tours of our stores.</p> <p>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.</p>	<p>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.</p> <p>The Senior Independent Non-Executive Director Richard Cotton, and the Chair of the Audit Committee Vince Niblett, engaged with a number of our investors during the year. Meetings discussed the new Corporate Governance Code and the Company's position on the tenure of the Executive Chairman.</p>
Our customers	<p>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 81.9.</p>	<p>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.</p> <p>The net promoter scores achieved from our customers are used as one of the metrics in the bonus plan of the Executive Board Directors.</p>
Our suppliers	<p>Regular meetings are held between suppliers and their Big Yellow contact. Appropriate external tendering is carried out for any new suppliers.</p> <p>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.</p>	<p>The Board annually approves the Group's Modern Slavery statement.</p> <p>The Group is a member of the Prompt Payment Code, supporting our smaller suppliers with on time payments.</p>

Engagement with stakeholders (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.	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.
	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.	James Gibson, CEO, is the Chair of the Trustees of the Big Yellow Foundation.
	We also support 209 local charities with free or discounted space throughout our network.	

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, a fun and 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. 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 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 change;
- 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 annual employee engagement survey, with assistance from the Human Resources team and our survey partner;
- Participation in the bi-annual Best Companies application and survey process;
- Receiving detailed feedback from the Executive Board Directors on their interaction with employees;
- Acting as an alternative external 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.

Report of the Nominations Committee

Committee members and attendance

Member	Number of meetings attended
Richard Cotton – Chairman and Senior Independent Director	
Julia Hailes – Member	
Georgina Harvey – Member	
Steve Johnson – Member	
Anna Keay – Member	
Vince Niblett – Member	

 attended
 absent, Steve Johnson missed one meeting due to an unavoidable diary conflict
 not applicable

Introduction

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.

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 Chairman 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

During the year, the effectiveness of the Board and its Committees was evaluated by Simon Robertson Associates LLP ("SRA"). Simon Robertson Associates have no other business relationship with the Group or any of the Company's Directors.

The process

January 2020	SRA met the Chairman and the Senior Independent Director to settle upon the evaluation process and scope.
February – March 2020	SRA met individually each Director, the Company Secretary, many of the senior management team and certain external advisers to the Company.
March 2020	SRA attended Board and Committee meetings.
April 2020	SRA's draft evaluation was discussed with the Chairman and the Senior Independent Director prior to finalisation and presentation to the Board.
April 2020	SRA presented the findings of its evaluation to the Board.

Context of evaluation

SRA's evaluation took place against the background of Covid-19 which inevitably had an impact on the practicalities of the review and the nature of the Board's business during this time. Some of the meetings could not be conducted in person and the main Board meeting which SRA attended and observed was held electronically. The subject matter of that Board was inevitably dominated by Covid-19. Accordingly, SRA did not have the opportunity to witness much of the ordinary business of the Board although SRA did record its approval of how well the Board responded at a time of substantial risk and challenge and the level of detailed response and planning covered by the Board.

Outcome

Overall, SRA's evaluation was complimentary of the high standards of performance and governance set by the Board. SRA commented on the culture and strategic coherence of the Board and the strong balance between process and governance on the one hand and long-term strategic planning on the other. SRA gained comfort that the Board provides an environment where robust debate is encouraged and a good level of challenge and diversity of thought exists. The Board is appropriately structured to provide the right balance of internal scrutiny, taking account of its own particular construct.

SRA made a number of recommendations including:

- continuing to develop the Board's existing succession plans to cover the Board as a whole, executive and non-executive;
- maximising the opportunity and education around Board debate on long-term strategic and financial planning; and
- increasing the interaction of the entire Board with the wider executive team.

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 and the Board as a whole were operating effectively, with appropriate procedures put in place for minor areas identified for improvement.

Board and Company gender diversity

Board

Total 10

7

Male

3

Female

70:30

Male / female ratio

Key Executives

Total 8

3

Male

5

Female

38:62

Male / female ratio

Board and Key Executives

Total 18

10

Male

8

Female

56:44

Male / female ratio

All employees

Total 405

223

Male

182

Female

55:45

Male / female ratio

Report of the Nominations Committee (continued)

Succession planning

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

The Board comprises a team of four 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, with no change in composition since John Trotman joined in 2007. Continuity of experience and knowledge, particularly of self storage, within the executive team is particularly important in a long-term focussed business such as Big Yellow.

The team have 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 the department heads have worked for the business for a substantial period of time and are highly capable individuals. We have 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 twelve, comprising of four Executive Board Directors, supported by eight key executives within the business. The Group does not have a formal Executive Committee or formal Operating Board, as we use a more flexible approach to the day-to-day management of the business within a relatively flat management structure.

In addition to the four Executive Board Directors, the other members of the Executive team cover finance, sales and marketing, operations, construction, human resources, information technology and digital security, and CSR.

We run the business 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.

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 Company meets the 30% recommended minimum proportion of women on the Board.

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, with the exception of Georgina Harvey and Steve Johnson, who will be retiring from the Board.



















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 60 to 61.

Richard Cotton
Nominations Committee Chairman
8 June 2020

Remuneration Report

Committee members and attendance

Member	Number of meetings attended
Richard Cotton – Member	  
Julia Hailes – Member	  
Georgina Harvey – Member	  
Steve Johnson – Member	  
Anna Keay – Member	  
Vince Niblett – Member	  

-  attended
-  absent
-  not applicable

Introduction

This report details the activities of the Remuneration Committee for the period from 1 April 2019 to 31 March 2020. The report has been prepared by the Remuneration Committee and approved by the Board. It sets out the current Remuneration Policy which was approved by shareholders at the 2018 AGM and remuneration details for the Executive and Non-Executive Directors of the Company. 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”). The report is divided into three main sections:

- **The Annual Statement** – which summarises the remuneration outcomes in the year ended 31 March 2020 and how the Remuneration Policy will be operated in the year ending 31 March 2021;
- **The Remuneration Policy Report** – which sets out the current Remuneration Policy as approved by shareholders at the 2018 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 2021, the link between Company performance and remuneration for the year ended 31 March 2020 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.

Annual statement

Dear Shareholder

I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2020 which has been operated under our existing Directors' Remuneration Policy, for which shareholder approval was obtained in 2018.

Performance, Decisions and Reward Outcomes for the year ended 31 March 2020

The business conditions and performance of the Group in the year ended 31 March 2020 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 well despite the impact of Covid-19 in the final month of the financial year;
- Big Yellow remains the clear UK brand leader in self storage and delivered growth in revenue, cash flow and earnings for the eleventh year in a row;
- Revenue, operating cash flow and adjusted profit before tax increased by 3.1%, 1.9% and 5.2% respectively; and
- Dividends are being increased by 1.8%.

Remuneration Report (continued)

Payments made to the Executive Board Directors under the cash annual bonus plan for the year ended 31 March 2020 amounted to 9.3% 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 2020 amounted to 59.4% 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 2016, which vested in July 2019, three-year EPS and TSR performance resulted in 100% 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.

The Committee and its Work During the Year

Committee Chair: Georgina Harvey

Committee members: Richard Cotton, Steve Johnson, Vince Niblett, Julia Hailes and Anna Keay

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 2020 (full details are set out in the relevant sections of this report) included:

- Agreeing Executive Director base salary increases from 1 April 2020 in line with the Remuneration Policy and consistent with the consultation exercise carried out in 2018;
- Agreeing the cash annual bonus awards for the year ended 31 March 2019 and setting the targets for the year ended 31 March 2020;
- Agreeing the deferred annual bonus plan awards for the year ended 31 March 2019 and setting the targets for the year ended 31 March 2020;
- Reviewing the EPS and Total Shareholder Return ("TSR") performance targets and determining the percentage vesting for the 2016 LTIP awards which vested in 2019;
- Reviewing the new UK Corporate Governance Code and amendments to the disclosure requirements (including the requirement to disclose a CEO pay ratio); and
- Reviewing the Company's Gender Pay calculations and disclosures.

In addition, the Committee has considered how the Policy and practices are consistent with the six factors set out in Provision 40 of the new UK Corporate Governance Code:

Clarity – Our Policy is understood by our senior executive team and has been 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 are straightforward to communicate and operate and the current approach will be reviewed in advance of the 2021 AGM.

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.

Charitable donations

Following a likely shortfall in donations to the Big Yellow Foundation in connection with Covid-19, the Executive Directors are donating a total of £50,000 to the Foundation during 2020.

The Company's Non-Executive Directors are also donating £11,000 to the Foundation during 2020.

Discretion

No discretion was exercised by the Committee in respect of the year ended 31 March 2020.

Implementing the Policy for the Year Ending 31 March 2021

Base salary

While the Committee has operated a policy of targeting base salaries "close to (but generally just below) median" for some time, actual salaries have been set significantly below median levels.

Following the consideration of Executive Director base salary levels in the prior year as part of the Remuneration Policy review, the Remuneration Committee consulted with major shareholders and the main representative bodies in 2018 in respect of ensuring that base salary levels reflect each individual's role and responsibilities in a FTSE 250 company of Big Yellow's size and complexity given the increase in (i) the numbers of stores; (ii) the geographical spread; (iii) the employee base; (iv) customers; (v) revenue; and (vi) profits. As such, and in connection with the simplification and de-gearing of incentive potential as part of the 2018 Remuneration Policy review, the following base salary increases over three years were agreed, and received a strong level of shareholder support following the consultation. For any increase to be awarded, the Committee must be satisfied with Group performance and the individual contribution of each Director for the year ended prior to the relevant salary review:

	Chief Executive (James Gibson)	Executive Chairman (Nicholas Vetch)	Chief Financial Officer (John Trotman)	Operations Director (Adrian Lee)
At 1 April 2017	£302,000	£275,200	£223,700	£223,700
At 1 April 2018	£350,000	£315,000	£260,000	£250,000
From 1 April 2019	£400,000	£350,000	£300,000	£270,000
From 1 April 2020*	£440,000	£375,000	£325,000	£285,000

* Postponed (see below)

In considering whether the 1 April 2020 increases should be awarded in full, the Committee considered Group performance and the individual contribution of each Director. In assessing Group performance, the Committee considered the Group performance in the year ended 31 March 2020, including the financial results highlighted earlier in my statement, coupled with the acquisition of three development sites, key planning consents being granted, and the extension of the loan with Aviva. In assessing individual performance, the Committee considered the contribution of each Director to the above success.

The Committee also considered whether it was appropriate to award the increases in light of the impact of Covid-19. Whilst it is clear that Big Yellow is not immune from the current challenging environment, the Group's business model, capital structure and management actions have provided the Group with a good deal of resilience which has enabled the Group to continue to operate and deliver on our expansion strategy whilst ensuring our employees and customers remain safe, and without seeking any government support. As such, and noting that the original rationale for the phased salary increases remains unchanged, the Committee concluded that it was appropriate to award the final tranche of the three-staged salary increases but that the effective date should be postponed until 1 July 2020. Other than for a material role change, and assuming no material changes are made to the approach to remuneration at the next policy review, subsequent salary increases are expected to be in line with the general workforce increases.

Pension & benefits

Executive Director pension provision will continue to be capped at 10% of salary (being the pension provided for the Company's Department Heads) although this approach will be reviewed as part of the next policy review. 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 2021.

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 2021.

The remaining 125% of salary will be measured against financial, operational, real estate and strategic targets measured over the financial year ending 31 March 2021. Any award under this part will be deferred into Big Yellow shares for three years (with vesting subject to continued employment).

Remuneration Report (continued)

LTIP

LTIP awards will continue to be granted to Executive Board Directors annually, over shares equal to 100% of salary. Following a review of the LTIP performance conditions, and difficulty in setting robust long-term earnings targets in light of Covid-19, the Committee has made a minor change in respect of the 2020 awards. Rather than a 70:30 EPS:TSR weighting, the targets will be reweighted to 30:70 EPS:TSR for the 2020 awards. No changes will be made to the EPS and TSR target ranges. The performance conditions for awards intended to be granted to Executive Board Directors in 2020 will therefore be as follows:

- 30% adjusted EPS – 25% of this part of an award will vest for EPS growth of RPI+3% p.a. increasing pro-rata to 100% of this part of an award vesting for EPS growth of RPI+8% p.a. for the year ending 31 March 2023; and
- 70% – relative TSR performance vs. FTSE Real Estate Index with 25% of this part of an award vesting at median increasing to 100% of this part of an award vesting at upper quartile.

A two year post-vesting holding period will apply.

Shareholding guidelines

The requirement 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 Executive Board Directors. If this guideline has not been met, then there is a requirement to retain at least 50% of shares vesting (net of taxes) in discretionary share-based incentive plans.

Policy review

As the current remuneration policy reaches the end of its three-year life next year and noting a number of recent developments in respect of corporate governance, the Committee will table a new remuneration policy for shareholder approval at the 2021 AGM. As such, and consistent with the last review, the Committee will consult with our major shareholders and representative bodies on any changes being proposed.

I hope that, at the AGM on 5 August 2020, you will support the advisory resolution on the remuneration paid to the Directors in the last financial year, and implementation of the Remuneration Policy for the forthcoming year as set out in the Annual Remuneration Report section of this Remuneration Report.

Finally, as I step down at the forthcoming AGM, with Richard Cotton taking over as Chair of the Committee, I would like to extend my thanks to my fellow colleagues on the Committee for their support and work in 2019/20 and during my time on the Committee more generally.

Georgina Harvey

Chair of the Remuneration Committee

8 June 2020

Directors' remuneration policy

This section of the Remuneration Report contains details of the Company's Directors' Remuneration Policy (the "Policy") which governs the Company's approach to remuneration.

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 19 July 2018. As the current remuneration policy reaches the end of its three-year life next year, the Committee plans to table a new remuneration policy for shareholder approval at the 2021 AGM.

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, which took effect from the AGM on 19 July 2018, 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.	<p>Base salary is normally set annually on 1 April.</p> <p>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:</p> <ul style="list-style-type: none"> ■ 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). 	<p>Salaries are typically set after considering the salary levels in companies of a similar size and complexity in the FTSE 250.</p> <p>Our overall policy is normally to target salaries at close to median levels.</p> <p>Base salaries are intended to increase in line with inflation and general employee increases in salary.</p> <p>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.</p> <p>There is no maximum salary cap in place.</p>	None
Annual bonus	The annual bonus aligns reward to key Group strategic objectives and drives short-term performance.	<p>Executive Board Directors participate in an annual performance-related bonus scheme.</p> <p>Up to 25% of salary will be paid in cash. Up to 125% of salary will be deferred into shares for three years.</p> <p>Dividend equivalents may be payable on deferred share awards.</p> <p>The annual bonus plan rules contain clawback and malus provisions.</p>	<p>Bonus potential:</p> <p>150% of salary.</p>	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.	<p>Awards are made annually to the Executive Board Directors (and certain senior managers who are in a position to influence significantly the performance of the Group) in the form of nil-paid options.</p> <p>The awards granted under the Long Term Incentive Plan are subject to performance conditions to be met over a performance period of three years.</p> <p>Dividend equivalents may be payable on LTIP awards during the vesting period, to the extent awards vest.</p> <p>The LTIP contains clawback and malus provisions.</p> <p>A two year post vesting holding period is applied to LTIP awards granted to Executive Directors following the 2018 AGM.</p>	<p>Maximum annual grant is 100% of base salary, with normal awards of 100% of annual salary for the Executive Board Directors.</p> <p>Minimum vesting is 25% of salary assuming achievement of threshold performance, and the maximum vesting is 100% of salary.</p>	Vesting under the LTIP is based on financial and share-price related performance measures.

Remuneration Report (continued)

Summary Policy table (Executive Board Directors) (continued)

	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.	Maximum contribution of 10% of salary.	None
Other benefits	To provide competitive levels of employment benefits.	<p>Benefits include:</p> <ul style="list-style-type: none"> ■ Private fuel ■ Private medical insurance ■ Permanent health insurance ■ Life assurance of four times base salary ■ Relocation allowances (where relevant) <p>Other benefits may be provided where appropriate.</p> <p>The type and level of benefits provided is reviewed annually to ensure they remain market competitive.</p>	Maximum opportunity is the total cost of providing the benefits. There is no monetary cap on benefits.	None
Shareholding policy	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 50% of shares vesting in discretionary share-based incentive plans if this guideline has not been met.	200% of salary.	N/A
All Employee Scheme	To encourage share ownership by all employees. This allows them to align their interests with those of investors and also 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

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 and strategic targets.

2. Long Term Incentive Plan performance measures and targets

The Committee selected the performance conditions on the LTIP as they provide a direct link between the incentive for the Executive Board Directors and the value created for shareholders. The two metrics for the outstanding and proposed 2020 awards 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.
- The adjusted EPS figure is 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;
- 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.

Remuneration Report (continued)

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 senior managers within Head Office, the area manager team and also to store managers.

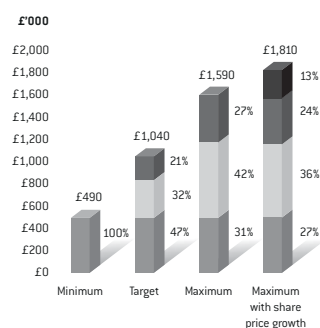
Illustrations of application of Remuneration Policy

The graphs below seek to demonstrate how pay varies with performance for the Executive Board Directors based on the current Remuneration Policy.

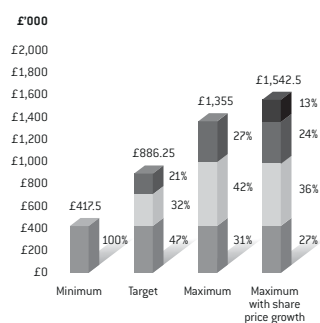
The assumptions used in determining the level of pay out under given scenarios are as follows:

Scenario	Description
Fixed Pay	
	Chief Executive Executive Chairman Chief Financial Officer Operations Director
	Base salary (from 1 July 2020) £440,000 £375,000 £325,000 £285,000
	Estimated Benefits £6,000 £5,000 £2,000 £5,000
	Pension (% of salary) 10% 10% 10% 10%
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.
Maximum Plus 50% share price growth	As per the Maximum scenario but assuming 50% share price growth on LTIP awards.

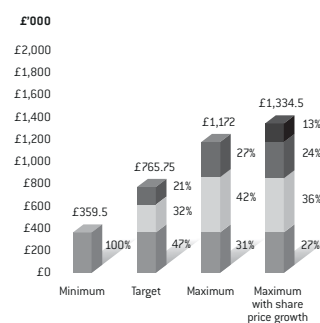
Chief Executive Officer



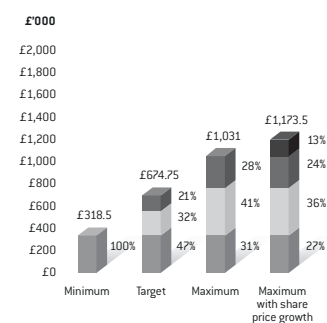
Executive Chairman



Chief Financial Officer



Operations Director



■ Share price growth
 ■ LTIP
 ■ Annual Bonus
 ■ Fixed pay

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	<p>Fee levels are normally reviewed annually in March.</p> <p>The Non-Executive Director fee structure is a matter for the full Board.</p> <p>Non-Executive Directors may be entitled to benefits relating to travel and office support and such other benefits as may be considered appropriate.</p> <p>The fees may be paid in the form of shares.</p>	<p>Fee levels are normally set at broadly median levels for comparable roles at companies of a similar size and complexity within the FTSE 250.</p> <p>Fees are normally intended to increase in line with inflation.</p>	N/A

Non-Executive Directors' fees comprises of a base fee, with an additional fee for Committee Chairman, 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	<ul style="list-style-type: none"> Set by reference to market and taking into account 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	<ul style="list-style-type: none"> Annual bonus of up to 150% of base salary. Long term incentive plan award of equivalent to 100% of base salary.
Sign-on payments	<ul style="list-style-type: none"> The Company does not provide sign-on payments to Executive Board Directors.
Share buy-outs	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.

Remuneration Report (continued)

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	<p>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.</p> <p>There will be no compensation for normal resignation or in the event of termination by the Company due to misconduct.</p>
Annual bonus	<p>If the individual is a good leaver, any bonus will be paid on a pro-rata basis in respect of the period from the start of the financial year. Any pro-rated bonus would normally be payable in cash (i.e. no award of deferred shares would be made).</p> <p>Deferred share awards would normally vest at the normal vesting date (although may vest at the date of cessation).</p> <p>A good leaver is defined as an individual ceasing employment as a result of ill-health, disability, redundancy or retirement or in any other circumstances which the Committee permits.</p> <p>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.</p>
Long term incentives (LTIP)	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
Other	<p>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.</p>

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 our Remuneration Policy which was approved at 2018's AGM.

Any consultations on remuneration with shareholders and representative bodies will usually be led by the Chair of the Remuneration Committee.

The Remuneration Committee considers shareholder feedback received in relation to the AGM each year at its first meeting following the 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.

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 2019 Remuneration Report and the binding vote on the Remuneration Policy at the AGM held on 19 July 2018.

	Votes for	%	Votes Against	%	Votes withheld
2019 Remuneration Report	127,777,330	97.2%	3,704,744	2.8%	77,317
2018 Remuneration Policy	123,499,408	96.4%	4,603,796	3.6%	260,131

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 2021 and how it was implemented during the year ended 31 March 2020.

Implementing the Policy for the Year Ending 31 March 2021

Base salary

While the Committee has operated a policy of targeting base salaries "close to (but generally just below) median" for some time, actual salaries have been set significantly below median levels.

Following the review of Executive Director base salary levels as part of the Remuneration Policy review, the Remuneration Committee consulted with major shareholders and the main representative bodies in 2018 in respect of ensuring that base salary levels reflect each individual's role and responsibilities in a FTSE 250 company of Big Yellow's size and complexity given the increase in (i) the numbers of stores; (ii) the geographical spread; (iii) the employee base; (iv) customers; (v) revenue; and (vi) profits. As such, and in connection with the simplification and de-gearing of incentive potential as part of the 2018 Remuneration Policy review, the following base salary increases over three years were agreed, and received a strong level of shareholder support following the consultation. For any increase to be awarded, the Committee must be satisfied with Group performance and the individual contribution of each Director for the year ended prior to the relevant salary review:

	Chief Executive (James Gibson)	Executive Chairman (Nicholas Vetch)	Chief Financial Officer (John Trotman)	Operations Director (Adrian Lee)
At 1 April 2017	£302,000	£275,200	£223,700	£223,700
From 1 April 2018	£350,000	£315,000	£260,000	£250,000
From 1 April 2019	£400,000	£350,000	£300,000	£270,000
From 1 April 2020*	£440,000	£375,000	£325,000	£285,000

* Postponed (see below)

In considering whether the 1 April 2020 increases should be awarded in full, the Committee considered Group performance and the individual contribution of each Director. In assessing Group performance, the Committee considered the Group performance in the year ended 31 March 2020, including the financial results highlighted in the statement from the Remuneration Committee Chair, coupled with the acquisition of three development sites, and key planning consents being granted. In assessing individual performance, the Committee considered the contribution of each Director to the above success.

The Committee also considered whether it was appropriate to award the increases in light of the impact of Covid-19. Whilst it is clear that Big Yellow is not immune from the current challenging environment, the Group's business model, capital structure and management actions have provided the Group with a good deal of resilience which has enabled the Group to continue to operate and deliver on our expansion strategy whilst ensuring our employees and customers remain safe, and without seeking any government support. As such, and noting that the original rationale for the phased salary increases remains unchanged, the Committee concluded that it was appropriate to award the final tranche of the three-staged salary increases but that the effective date should be postponed until 1 July 2020. Other than for a material role change, and assuming no material changes are made to the approach to remuneration at the next policy review, subsequent salary increases are expected to be in line with the general workforce increases.

Benefits

No changes will be made to benefit provision (private fuel, private medical insurance, permanent health insurance, life assurance and relocation allowances, where relevant).

Remuneration Report (continued)

Annual bonus

Annual bonus potential will be capped at 150% of salary for the year ending 31 March 2021.

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 2021.

The remaining 125% of salary will be measured against financial, operational, real estate and strategic targets measured over the financial year ending 31 March 2021. Any award under this part will be deferred into Big Yellow shares for three years (with vesting subject to continued employment).

Pension

Executive Director pension provision will continue to be capped at 10% of salary (being the pension provided for the Company's Department Heads).

LTIP

LTIP awards will continue to be granted to Executive Board Directors annually, over shares equal to 100% of salary. Following a review of the LTIP performance conditions, and difficulty in setting robust long-term earnings targets in light of Covid-19, the Committee has made a minor change in respect of the 2020 awards. Rather than a 70:30 EPS:TSR weighting, the targets will be reweighted to 30:70 EPS:TSR for the 2020 awards. No changes will be made to the EPS and TSR target ranges. The performance conditions for awards intended to be granted to Executive Board Directors in 2020 will therefore be as follows:

- 30% adjusted EPS – 25% of this part of an award will vest for EPS growth of RPI+3% p.a. increasing pro-rata to 100% of this part of an award vesting for EPS growth of RPI+8% p.a. for the year ending 31 March 2023; and
- 70% – relative TSR performance vs. FTSE Real Estate Index with 25% of this part of an award vesting at median increasing to 100% of this part of an award vesting at upper quartile.

A two year post vesting holding period will apply.

Shareholding Guidelines

The requirement to build and maintain a holding of at least 200% of salary in shares of the Company, through retaining at least 50% of shares vesting in discretionary share-based incentive plans if this guideline has not been met, will continue to apply.

Non-Executive Directors

Non-Executive Director base fees for the year ending 31 March 2021 have been increased by 3% (in line with the general workforce increase) to £42,350. The increment for Committee Chairs and additional responsibilities has also been increased by 3% to £10,300 for the year ending 31 March 2021. These increases will take effect from 1 July 2020.

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 2020.

Year ended 31 March 2020

	Salary £		Taxable benefits ¹ £		Annual bonus – cash £		Annual bonus – deferred £		Long term incentives ² £		Pensions ³ £		Total £	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Nicholas Vetch	350,000	315,000	5,645	4,974	32,550	32,130	207,813	322,383	379,439	358,253	35,000	31,500	1,010,447	1,064,240
James Gibson	400,000	350,000	5,645	4,974	37,200	35,700	237,500	358,203	416,288	398,605	40,000	35,000	1,136,633	1,182,482
Adrian Lee	270,000	250,000	4,737	4,184	25,110	25,500	160,313	255,859	308,418	302,564	27,000	25,000	795,578	863,107
John Trotman	300,000	260,000	2,199	1,884	27,900	26,520	178,125	266,094	308,418	291,212	30,000	26,000	846,642	871,710
Total	1,320,000	1,175,000	18,226	16,016	122,760	119,850	783,751	1,202,539	1,412,563	1,350,634	132,000	117,500	3,789,300	3,981,539

¹ Taxable benefits comprise medical cover, permanent health insurance, life insurance and private fuel usage.

² The values shown in long-term incentives in the current year are the LTIP award granted in 2016 which vested on 22 July 2019 to 100% of its maximum value and is valued using the share price on that date of 1014p. The award granted for 2020 is 100% of salary for each Executive Director.

³ Nicholas Vetch and James Gibson receive a cash supplement in lieu of their full pension contributions. Adrian Lee and John Trotman receive cash supplements in lieu of pension contributions to the extent that they exceed £10,000.

The average salary increase across the Group in the year was 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 9.3% 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:

Occupancy performance against target

Each store is set a quarterly target for occupancy growth. The weighting of the contribution of these metrics to the bonus varies based on store occupancy, with higher occupied stores having a lower weighting towards their performance against their occupancy 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 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.

However 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 average performance against the four key targets and the associated reward for the stores were as follows:

1. Occupancy

Performance against target	Below target	0 to 10% ahead of target	10 to 20% ahead of target	20 to 30% ahead of target	30 to 40% ahead of target	> 40% ahead of target	Total
No of stores	51	3	3	3	1	14	75
Average bonus paid	0.0%	0.6%	2.3%	4.3%	4.9%	11.4%	2.4%

Additionally, 14 stores were awarded bonuses for averaging 85% occupancy and above earning a total weighted average bonus of 0.8%. The weighted average bonus paid to stores for performance against occupancy targets is therefore 3.2% 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 store's 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	36	15	13	5	6	75
Average bonus paid	0.0%	2.0%	3.4%	3.5%	6.5%	1.8%

The weighted average bonus paid to stores for performance against profitability targets is therefore 1.8% of salary for the year.

3. Store audits

Stores receive a bonus if they receive an audit score of in excess of 85% based on visits carried out by the Group's store compliance team. There were 63 instances of stores receiving an audit score of 85% and above across the year, leading to a weighted average bonus paid to the stores of 1.6% of salary.

Remuneration Report (continued)

Cash Annual Bonus Plan awards – cash (25% of salary maximum) (continued)

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	14	61	75
Average bonus paid	0%	1.5%	1.2%

The weighted average bonus paid to stores for performance against net promoter scores is therefore 1.2% of salary for the year.

The bonus paid to stores for individual customer service awards amounted to a further 1.5% of salary, which, combined with the net promoter score, amounted to a weighted average bonus paid to the stores for customer satisfaction of 2.7% of salary.

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	3.2%	34.4%
2. Profitability	1.8%	19.4%
3. Store audits	1.6%	17.2%
4. Customer satisfaction	2.7%	29.0%
Total	9.3%	100%

In line with the Remuneration Policy an award of 9.3% of salary has therefore also been paid to the Executive Board Directors for the year, which equated to the following payments:

- Nicholas Vetch – £32,550
- James Gibson – £37,200
- Adrian Lee – £25,110
- John Trotman – £27,900

Deferred Annual Bonus Plan awards – deferred shares (125% of salary maximum)

This is the second year of operation of the Group's deferred annual bonus plan. The Remuneration Committee set 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.

Pay-out*	Below Target 0%	Target 50%	Above Target 75%	Maximum 100%	Actual performance	Pay-out
1. Like-for-like occupancy growth (ppts)						
Weight: 12.5%**	<1.75	1.75-2.3	2.3-2.8	>2.8	(1.1 ppts)	0%
2. Average net rent per sq ft growth (%)						
Weight: 12.5%**	<1.25	1.25-1.75	1.75-2.5	>2.5	2.7%	100%
3. Revenue (£m)						
Weight: 17.5%**	<130	130-131	131-132	>132	£129.3m	0%
4. Operating Profit (£m)						
Weight: 15%**	<£80.5	80.5-81.25	81.25-82	>82	£80.0m	0%
5. EPS (pence)						
Weight: 15%**	<42	42-43	43-43.75	>43.75	42.1p	50%
6. NPS						
Weight: 5%**	<72	72-75	75-79	>79	81.9	100%
7. Staff Turnover (%)						
Weight: 5%**	>33	33-32	32-31	<31	32.5%	50%

Deferred Annual Bonus Plan awards – deferred shares (125% of salary maximum) (continued)

Pay-out	Fail 0%	Pass 100%	Actual performance	Pay-out
8. Online Market Share				
Weight: 5%**		Maintain the Group's online market share measured of unbounced visits against the top 59 self storage operators by SimilarWeb Analytics, at on average between 20% and 30%	The Group's average market share during the year was 26%	100%
9. Property Acquisitions				
Weight: 5%**		Seek to acquire at least two sites for new stores in the year, which complement the existing portfolio and which are consistent with the Group's strategy and long-term plans	Sites acquired in Hayes, Slough and Harrow in the year	100%
10. Planning				
Weight: 5%**		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	Planning consent was obtained in the year at Queensbury, Uxbridge and Hove	100%
11. ESG				
Weight: 5%**		Reduce carbon intensity by 5% or better year-on-year	Carbon intensity reduced by 9% in the year	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 (%)
Occupancy growth	0%	12.5%	0%
Average net rent growth	100%	12.5%	12.5%
Revenue	0%	15%	0%
Operating profit	0%	15%	0%
EPS	50%	15%	7.5%
NPS	100%	5%	5%
Staff turnover	50%	5%	2.5%
Online market share	100%	5%	5%
Property acquisitions	100%	5%	5%
Planning consents	100%	5%	5%
ESG	100%	5%	5%
Total		100%	47.5%

The above performance assessment of 47.5% translates into the following awards for each of the Executive Board Directors:

Director	Value of award
Nicholas Vetch	£207,813
James Gibson	£237,500
Adrian Lee	£160,313
John Trotman	£178,125

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 June 2020. The awards will vest three years after the date of grant of each award.

Remuneration Report (continued)

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 2016 award which vested in 2019, 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%	11.0% adjusted EPS growth, compared to 10.9% (RPI +8%).	100%
Relative TSR	30%	Median of comparator group of real estate companies	Upper quartile of the comparator group	25% to 100%	7 out of 42 in comparator group of companies in the FTSE Real Estate Index	100%
Total	100%					100%

The full vesting of the 2016 LTIP award in 2019, 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 100% vesting)	Value at Vesting	Loss attributable to share price appreciation*
Nicholas Vetch	37,420	37,420	£379,439	(£1,123)
James Gibson	41,054	41,054	£416,288	(£1,232)
Adrian Lee	30,416	30,416	£308,418	(£912)
John Trotman	30,416	30,416	£308,418	(£912)

*Calculated by taking the difference between the share price at vesting and share price at exercise and multiplying by the number of shares which vested.

LTIP awards granted in year ended 31 March 2020 (Audited)

The table below sets out the details of the long-term incentive awards granted in the year ended 31 March 2020 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	100% of salary	£350,000	25%	100%	19 July 2022	Adjusted EPS growth and relative TSR
James Gibson			£400,000				
Adrian Lee			£270,000				
John Trotman			£300,000				

¹ The face value of the award is calculated using the average share price three days prior to the grant date of 19 July 2019 (average share price of 1032.3 pence).

LTIP awards granted in year ended 31 March 2020 (Audited) (continued)

The performance conditions applicable to the awards granted in July 2019 are set out below:

Condition	Weighting	Threshold Performance required	Maximum Performance Required	LTIP value for meeting threshold and max performance (% salary)	Basis for measurement
Relative TSR	30%	Median of comparator group of real estate companies	Upper quartile 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	70%	Adjusted EPS growth of RPI+3% per annum	Adjusted EPS growth of RPI+8% per annum	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.

Between threshold and maximum performance, vesting will take place on a straight-line basis.

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 89.

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 2020, the Company contribution was 10% of salary for the Executive Board Directors.

Payments to past Directors (Audited)

No payments of money or any other assets were made to any former Director of the Company in the financial year ended 31 March 2020 (2019: no payments).

Payments on loss of office (Audited)

No payments were made to any Directors in respect of loss of office during the financial year ended 31 March 2020 (2019: no payments).

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 2020.

	2020	2019
Tim Clark ¹	–	13,704 ¹
Richard Cotton	51,100	45,100
Georgina Harvey	51,100	45,100
Steve Johnson	41,100	40,000
Anna Keay	51,100	40,000
Vince Niblett	51,100	45,100
Julia Hailes ²	4,258 ²	–
Total	249,758	229,004

¹ until retirement on 19 July 2018

² from appointment on 1 March 2020

Non-Executive Directors received no taxable benefits for the year ended 31 March 2020.

Remuneration Report (continued)

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 2020.

Executive Director	Share ownership requirement (multiple of salary)	Share ownership requirements met	Holding as multiple of March 2020 salary	Beneficially owned shares	LTIP awards subject to performance conditions	Deferred bonus plan awards	Unexercised Sharesave options	Options exercised in the financial year
Nicholas Vetch	2x	Yes	193x	6,743,284	102,018	30,519	2,400	37,420
James Gibson	2x	Yes	63x	2,506,293	113,939	33,910	2,532	41,054
Adrian Lee	2x	Yes	32x	872,192	80,896	24,221	2,400	30,416
John Trotman	2x	Yes	8x	231,037	84,835	25,190	2,665	30,416

The Company announced a placing of 8.3 million shares on 20 April 2020. Each of the Executive Directors participated in the placing, acquiring shares per the table below:

Executive Director	Shares acquired in placing	Total beneficial shares held following placing
Nicholas Vetch	10,174	6,753,458
James Gibson	8,646	2,514,939
Adrian Lee	2,543	874,735
John Trotman	5,086	236,123

Post-Employment Shareholding Policy

The Remuneration Committee's post cessation shareholding policy for Executive Board Directors is as follows:

- Unvested deferred annual bonus and LTIP awards will be treated in line with the good leaver/bad leaver provisions explained in the Remuneration Policy;
- Any LTIP awards which vested pre-cessation but which are still subject to the two-year holding period will need to be retained by the individual (either on a post-tax basis or as unexercised awards), post cessation, until the relevant two-year holding period has expired; and
- No restrictions will apply in respect of own shares held, irrespective of whether those shares are held as part of the shareholding guideline or not.

The Committee will keep the above policy under review and revisit this in detail at the next Policy review.

Non-Executive Directors' shareholdings (Audited)

Non-Executive	Beneficially owned shares
Richard Cotton	92,248
Georgina Harvey	18,518
Steve Johnson	10,000
Vince Niblett	3,000
Anna Keay	–
Julia Hailes	–

Richard Cotton acquired a further 4,069 shares in the placing, taking his beneficial holding to 96,317 shares.

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 2019	Granted during the year	Exercised during the year	Lapsed during the year	No. of shares under option at 31 March 2020	Exercise price	Market price at date of exercise	Date from which first exercisable	Expiry Date
Nicholas Vetch	22 July 2016	LTIP	37,420	–	(37,420)	–	–	nil p	1011p	22 July 2019	21 July 2026
	3 August 2017	LTIP	35,588	–	–	–	35,588	nil p	–	3 August 2020	2 August 2027
	19 July 2018	LTIP	32,525	–	–	–	32,525	nil p	–	19 July 2021	18 July 2028
	11 March 2019	SAYE	2,400	–	–	–	2,400	749.9p	–	1 April 2022	1 October 2022
	23 May 2019	DBP	–	30,519	–	–	30,519	nil p	–	23 May 2022	22 May 2029
James Gibson	19 July 2019	LTIP	–	33,905	–	–	33,905	nil p	–	19 July 2022	18 July 2029
	14 March 2016	SAYE	1,480	–	(1,480)	–	–	608.0p	1049p	1 April 2019	1 October 2019
	22 July 2016	LTIP	41,054	–	(41,054)	–	–	nil p	1011p	22 July 2019	21 July 2026
	3 August 2017	LTIP	39,053	–	–	–	39,053	nil p	–	3 August 2020	2 August 2027
	12 March 2018	SAYE	1,332	–	–	–	1,332	675.4p	–	31 March 2021	1 October 2021
Adrian Lee	19 July 2018	LTIP	36,138	–	–	–	36,138	nil p	–	19 July 2021	18 July 2028
	11 March 2019	SAYE	1,200	–	–	–	1,200	749.9p	–	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	–	–	38,748	nil p	–	19 July 2022	18 July 2029
	14 March 2016	SAYE	2,960	–	(2,960)	–	–	608.0p	1049p	1 April 2019	1 October 2019
John Trotman	22 July 2016	LTIP	30,416	–	(30,416)	–	–	nil p	1011p	22 July 2019	21 July 2026
	3 August 2017	LTIP	28,928	–	–	–	28,928	nil p	–	3 August 2020	2 August 2027
	19 July 2018	LTIP	25,813	–	–	–	25,813	nil p	–	19 July 2021	18 July 2028
	11 March 2019	SAYE	2,400	–	–	–	2,400	749.9p	–	1 April 2022	1 October 2022
	23 May 2019	DBP	–	24,221	–	–	24,221	nil p	–	23 May 2022	22 May 2029
John Trotman	19 July 2019	LTIP	–	26,155	–	–	26,155	nil p	–	19 July 2022	18 July 2029
	22 July 2016	LTIP	30,416	–	(30,416)	–	–	nil p	1011p	22 July 2019	21 July 2026
	3 August 2017	LTIP	28,928	–	–	–	28,928	nil p	–	3 August 2020	2 August 2027
	12 March 2018	SAYE	2,665	–	–	–	2,665	675.4p	–	1 April 2021	1 October 2021
	19 July 2018	LTIP	26,846	–	–	–	26,846	nil p	–	19 July 2021	18 July 2028
John Trotman	23 May 2019	DBP	–	25,190	–	–	25,190	nil p	–	23 May 2022	22 May 2029
	19 July 2019	LTIP	–	29,061	–	–	29,061	nil p	–	19 July 2022	18 July 2029

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.



Remuneration Report (continued)

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 %
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%
2013	335,891	40% (10% of salary)	n/a	0%
2012	1,400,570	40% (10% of salary)	n/a	89%
2011	325,968	40% (10% of salary)	n/a	0%

The single figure of remuneration for 2018, 2015 and 2012 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 £1,343,995 (93.33% vesting), £945,750 (97% vesting) and £900,000 (90% vesting) respectively for the three year period ended in that year.

Percentage increase in the CEO's remuneration

The table below compares the percentage increase in the CEO's remuneration (including salary, fees, benefits and annual bonus) with the remuneration of Big Yellow Group employees.

	% increase in remuneration in 2020 compared with 2019	
	CEO	Employees
Salary and fees	14%	3%
All taxable benefits	13%	3%
Annual bonuses	5%	(6%)

The salary increase for the CEO is the second of a three-year adjustment designed to reflect his role and responsibilities in a FTSE 250 company of Big Yellow's size and complexity. This three year phasing was approved by shareholders at the Annual General Meeting in July 2018, and is explained further on page 73.

CEO pay ratio

The data shows how the CEO's single figure remuneration for the year ended 31 March 2020 (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	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	Option A	50 to 1	42 to 1	28 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		
	25th %tile	Median	75th %tile	25th %tile	Median	75th %tile
2020	£20,495	£24,035	£35,330	£22,555	£27,232	£40,975

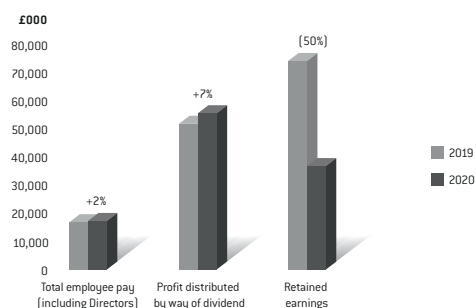
Statement of consideration of employment conditions elsewhere in the Group

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. Particular 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 does not invite employees to comment on the remuneration of Directors.

Relative importance of spend on pay

The graph below sets out the relative importance of spend on pay in the year ended 31 March 2020 and 31 March 2019 compared with other disbursements from profit, being the distributions to shareholders and retained earnings [comprehensive gain for the year less dividends].



Gender pay

The Group has reported on its gender pay gap for April 2019. The full report can be found on the investor relations website <http://corporate.bigyellow.co.uk/investors.aspx>. The Group's mean gender pay gap was 28% (2018: 26%), with a median gap of 10% (2018: 7%). Excluding Executive Board Directors (three of whom were founders of the business), the mean gender pay gap falls to 13% (2018: 12%) with a median gap of 9% (2018: 6%). All staff are paid equally according to job role.

We believe that any successful business requires a motivated and engaged workforce and the creation of a fully engaged culture has always been a key focus within the Company. 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.

During the last year, we have continued our focus on diversity and inclusion through the introduction of new policies, such as "How We Treat Our Colleagues" and reviewing our Recruitment and Family Friendly Policies. We have continued to support flexible working practices and enable our store teams to take ownership of their working hours to accommodate their personal circumstances, wherever this is possible. We also offer opportunities to work from home or remotely from another site, where this is suitable to a job role.

We have continued to focus on progression of women across the business, evidenced in particular by the following achievements:

- Big Yellow operates with a "Leadership Team" of twelve, comprising of our four executive Directors, supported by another eight key executives within the business. The business is run by small sub-groups of decision-making committees, which meet regularly throughout the year and which contribute to our growth and success. The male/female ratio of this Leadership Team was 75% : 25% in March 2018; and is now 58% : 42% in March 2020.
- We have encouraged more women to take part in our management development programmes. In the year to January 2020, 29% of Store Manager participants who completed the programme were female; more than double the 12.5% in 2019.
- As at April 2019, 32% of our Store Managers are female – in April 2018 this figure was 26%.

Remuneration Report (continued)

Gender pay (continued)

Big Yellow is committed to improving our diversity and we will continue to review our policies and practices against external best practice to ensure a truly inclusive experience for all our employees.

Going forward, we will insist on gender balanced short lists for all senior roles and encourage any recruitment agencies to do the same. We will also further encourage female representation across all positions within the business, through promoting career reviews on our website and through our internal staff blog.

We will continue to encourage women to participate in our training and development programmes and have made a significant investment in e-learning for our stores, which will result in many more development opportunities being accessible to all our employees on a flexible basis.

Our focus on employee wellbeing will continue, with all senior managers attending a Wellbeing Workshop, which will then be rolled out across the business. In addition, support and advice will be introduced specifically for women going through the menopause.

Whilst we would like to have seen a reduction in our Gender Pay Gap, we are making progress in improving the diversity of our Leadership Team and our operational management team; and we expect the further changes we have put in place to result in a reduction of the pay gap over time. We will therefore continue to maintain a flexible and innovative approach to how we recruit, retain and engage our people, ensuring that every policy and practice encourages inclusive ways of working.

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 impact of the UK Corporate Governance Code on the operation of the Committee. 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 £20,000 (ex VAT).

Approval















This policy report was approved by the Board of Directors on 8 June 2020 and signed on its behalf by

Georgina Harvey

Remuneration Committee Chair

Audit Committee Report

Committee members and attendance

Member	Number of meetings attended
Richard Cotton – Member	  
Julia Hailes – Member	  
Georgina Harvey – Member	  
Steve Johnson – Member	  
Anna Keay – Member	  
Vince Niblett – Member	  



attended



absent, Steve Johnson missed one meeting due to an unavoidable diary conflict



not applicable

Introduction

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 and Transparency Rule 7.1, the UK Corporate Governance Code, and the new FRC ethical standard. 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;
- 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 performance, strategy and business model. The Committee also reviewed the Group's going concern and viability statements.

Audit Committee Report (continued)

Committee Members

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). Currently Vince Niblett, as a Fellow of the Institute of Chartered Accountants of England and Wales, fulfils this 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 Chairman on behalf of his 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 all of 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 Interim Management Statements;
- considered whether the Annual Report provides a fair, balanced and understandable view of the Group's 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;
- 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 March 2020 financial statements and September 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;
- considered the need for an internal audit function;
- considered the new 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 during the year an external whistleblowing monitoring service was introduced;
- considered the appointment of new external valuers to the Group;
- 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 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 2020 provides a fair, balanced and understandable view of the Group's performance, strategy and business model and whether it provides the necessary information to enable shareholders and prospective shareholders to assess the Group's performance, strategy and business model. The Committee is satisfied that the Annual Report for the year ended 31 March 2020 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 102.

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 key area of judgement 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. In their March 2020 report, the valuers drew attention to additional uncertainty in the investment market as a result of the Covid-19 pandemic. The Chairman of the Committee met the external valuers to discuss the valuations, review the key judgements, including the material valuation uncertainty clause included in the valuation due to Covid-19, 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 challenged the 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. There have been no business combinations in the year. The Committee has concluded that there is not a significant level of judgements involved, other than the valuation described above.

There have been no changes 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 have 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 Company's performance, business model and strategy.

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. Steve Masters is the current audit partner and has been the signatory to the Group's financial statements since 2018.

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.

Audit Committee Report (continued)

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 has been updated for the new 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 2020, the auditor's remuneration comprised £226,000 for audit work and £35,000 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 15% of audit fees in 2019 and 16% in 2018.

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 page 38.

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, 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. For example during the prior year, the Board appointed a consultant to review the Group's tax procedures with satisfactory results. This gives the Committee comfort over the controls over key business cycles within the Company.

The Committee concurs with management's view that, in view of these arrangements, no formal internal audit function is necessary for the business at this time.

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 Chairman 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:

Vince Niblett

Audit Committee Chairman

8 June 2020

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 2020. The Report on Corporate Governance on pages 62 to 67 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.

Information about the use of financial instruments by the Company and its subsidiaries is given in note 18 to the financial statements.

Dividends

The Directors are recommending the payment of a final dividend of 16.7 pence per share for the year (2019: 16.5 pence per ordinary share). An interim dividend of 17.1 pence per share was paid in the year (2019: 16.7 pence per share).

A property income distribution of 30.6 pence is payable for the year, of which 17.1 pence per share was paid with the interim dividend, and 13.5 pence per share is proposed for the final dividend.

Subject to approval by shareholders at the Annual General Meeting to be held on 5 August 2020, the final dividend will be paid on 10 August 2020. The Ex-div date is 18 June 2020 and the Record date is 19 June 2020.

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. This change was announced by the Chancellor, as part of the UK government Budget, in July 2015.

Disclosure of Greenhouse Gas ("GHG") Emissions

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('SECR')

These regulations came into force on 1 April 2019 and apply to financial years starting on or after 1 April 2019.

The 2018 Regulations define what must be included in the Directors' Report, namely:

- annual GHG emissions from activities for which the Company is responsible including combustion of fuel and operation of any facility, such as our flexi-office gas heating, air conditioner coolant replacement, one Company van diesel fuel use emissions and fit-out 'diesel' use emissions;
- annual emissions from the purchase of electricity, heat, steam or cooling by the Company for its own use, such as electricity for our stores and fit-out activities;
- underlying global energy use;
- previous year's figures for energy use and GHG;
- at least one intensity ratio;
- energy efficiency action taken; and
- methodology used.

We will also continue to report on Scope 3: Electricity supplier 'transmission and distribution' emissions – currently, voluntary GHG emissions, from our waste and water supply chains are assessed as 'not material' – we are now including 'employee business travel (from car mileage claims only)'. We will also retain the practice of reporting previous few years to show longer term trends.

We have introduced 'Market based emission' reporting for this financial year. The emissions 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.

Directors' Report (continued)

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('SECR') (continued)

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.

Year ended 31 March	UK and offshore area	2017	2018	2019	2019 (restated)	2020
GHG scope 1 total tonnes CO ₂ e	Total Scope 1 Emissions location based	n/a	n/a	n/a	133.6	131.7
GHG scope 2 total tonnes CO ₂ e	Total Scope 2 Emissions location based	4,126.9	3,340.0	2,853.9	2,665.2	2,439.7
GHG scope 2 total tonnes CO ₂ e	Total Scope 2 Emissions market based	n/a	n/a	n/a	New for 2019/20	1,142
Total GHG scope 1 & 2 Total tonnes CO ₂ e	Total Scope 1 & 2 Emissions location based	4,126.9	3,340.0	2,853.9	2,798.8	2,571.4
Total GHG scope 1 & 2 Total tonnes CO ₂ e	Total Scope 1 & 2 Emissions market based	n/a	n/a	n/a	New for 2019/20	1,273.7
Scope 3 total tonnes CO ₂ e	Electricity Transmission Losses and Employee Business travel	357	312	134	366	315
tCO ₂ e / revenue (£000s) – location based	Greenhouse Gas (GHG) emissions intensity from building energy consumption	37.8	28.6	22.8	22.3	19.9
tCO ₂ e / revenue (£000s) – market based	Greenhouse Gas (GHG) emissions intensity from building energy consumption	n/a	n/a	n/a	New for 2019/20	9.9
tCO ₂ e / Occupied space	Greenhouse Gas (GHG) emissions intensity from building energy consumption (scope 1 and 2)	12.7	9.7	8.0	7.9	7.2
tCO ₂ e / CLA (m ²)	Greenhouse Gas (GHG) emissions intensity from building energy consumption (scope 1 and 2)	New for 2017/18	7.8	6.6	6.5	5.9
Energy data	underpinning Scope 1 and 2 emissions data (kWhs)	n/a	n/a	n/a	New for 2019/20	10,214,794

Each year the last 3 months of our emissions data is reporting 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 – see basis of reporting for specifics.

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 for this financial year.

Methodology for calculating emissions

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.

Please access the Basis of Reporting document here <https://corporate.bigyellow.co.uk/sustainability/reports-and-case-studies>.

Energy efficiency measures

Background

We have a long-standing strategy of pro-actively managing our energy consumption and becoming an ever-more efficient business. We have reported progress over the years both in our Annual Reports as well as our standalone annual CSR Reports, all available online in our Investor and Sustainability sections respectively.

Between 2012 and 2017 we undertook a companywide upgrade of our lighting to LEDs and to installing motion sensor controls to ensure lights are only turned on when customers need them; plus a small amount of permanent emergency lighting.

Although the majority of that work has been done, a small number of 'mop-up' activities continue to take place, especially where we have not been able to gain access to customers' units to execute the changeover.

All of our electricity and gas meters are now fitted with HH automatic meter readers; the data is available to us via an externally hosted platform and used by the internal Steering Committee to review our performance on a quarterly basis

Most recent ESOS assessment findings & 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 energy saving measures we are able to undertake.

Our independent ESOS assessor's recommendations therefore focussed on increasing our existing Solar PV estate (currently 22 of our 75 stores have solar pv installations).

During the year, we have opened one new store, in Water Street, Manchester, which was fitted out with a 50kWhs solar installation. In October 2018, we retrofitted Bristol Central and Bristol Ashton Gate with 50kWhs Solar PV installations each. During the year, we have generated 578,394 kWh of solar energy, 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.

For our full Environmental reporting against EPRA KPIs, please see our annual CSR report 2019/20 and our Basis of Reporting document 2019/20. Questions can be directed to csr@bigyellow.co.uk.

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 63.

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 473,369 shares to satisfy the exercise of share options (2019: 890,283).

Directors' Report (continued)

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	Senior Independent Director
James Gibson	Chief Executive Officer
Julia Hailes	Non-Executive Director [appointed 1 March 2020]
Georgina Harvey	Non-Executive Director
Steve Johnson	Non-Executive Director
Anna Keay	Non-Executive Director
Adrian Lee	Operations Director
Vince Niblett	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 page 60 to 61.

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 and Transparency rules, of the following voting rights as a shareholder of the Company at 31 March 2020 and 8 June 2020.

	No. of ordinary shares 31 March 2020	Percentage of voting rights and issued share capital 31 March 2020	No. of ordinary shares 8 June 2020	Percentage of voting rights and issued share capital 8 June 2020
Blackrock Inc	12,998,657	7.8%	14,795,529	8.4%
Standard Life Aberdeen	9,027,225	5.4%	8,698,074	4.9%
Merian Global Investors Limited	8,806,001	5.3%	9,408,778	5.4%
The Vanguard Group Inc	7,601,936	4.6%	7,423,019	4.3%
FMR LLC	6,667,919	4.0%	7,491,059	4.3%
Ameriprise Financial Inc	5,520,225	3.3%	6,008,087	3.4%
MFS Investment Management	n/d	n/d	6,328,967	3.6%

n/d – MFS Investment Management's holding at 31 March 2020 was below the reporting threshold.

The interest of the Directors in the share capital of the Company is shown on page 88 of the Remuneration Report.

Purchase of own shares

The Company was granted authority at the AGM in 2019 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, the publication of a quarterly newsletter, and the publication of a weekly operations bulletin.

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 new Corporate Governance Code.

Employees are encouraged to participate in the Group's performance through Employee Share Schemes and performance related bonuses. 52% 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

8 June 2020

Statement of Directors' Responsibilities

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable laws 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 International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards, 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 their 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 prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- 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.

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 8 June 2020 and is signed on its behalf by:

James Gibson	John Trotman
Chief Executive Officer	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 2020 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 notes 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 1 March 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- 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 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 three financial years ended 31 March 2020. 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.

2. Emphasis of matter – uncertain valuation of investment property

We draw attention to note 15 to the consolidated financial statements which states that the independent external valuations of investment properties at the reporting date are reported on the basis of 'material valuation uncertainty' due to the potential economic effect of the coronavirus pandemic. Consequently, more subjectivity is associated with the valuation of investment property than would normally be the case. Our opinion is not modified in respect of this matter.

We identified the valuation of investment property as a key audit matter (see section 3 of this report).

Overview

Materiality:	£12m (2019: £10.5m)
Group financial statements as a whole	0.74% (2019: 0.69%) of Total Assets

Coverage	100% (2019: 100%) of Total Assets
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Key audit matters		vs 2019
Recurring risks	Valuation of Investment Property, including Investment Property Under Construction	▲
	The impact of uncertainties consequent upon the UK's departure from the European Union on our audit	◄►
	Parent Company: Amounts owed by Group Undertakings	◄►

3. Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, 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 2019) 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.

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

(continued)

3. Key audit matters: including our assessment of risks of material misstatement (continued)

	The risk	Our response
Valuation of Investment Property, including Investment Property under Construction Investment Property £1,385.1m (2019: £1,354.4m) Investment Property Under Construction £136.3m (2019: £91.1m) Refer to page 95 (Audit Committee Report), note 2 (accounting policy) and note 15 (financial disclosures).	<p>Subjective valuation:</p> <p>Investment property valuation is subjective and inherently judgmental in nature.</p> <p>Investment property fair values are calculated using actual and subjective assumptions inputs such as store occupancy, net rent per square foot, discount rates and exit capitalisation rates. For investment property under construction additional estimates include expected costs to complete and the risk of not obtaining planning permission for non-consented sites.</p> <p>The Group employs external valuers to apply professional judgment concerning market conditions and factors impacting individual properties.</p> <p>The impact of the coronavirus pandemic in 2020 has meant that the external valuations have been reported on the basis of a "material valuation uncertainty" and as such less certainty, and a higher degree of caution, should be placed on the external valuation.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the valuation of investment properties has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.</p> <p>Disclosure quality:</p> <p>The financial statements (note 15) disclose the sensitivity estimated by the Group.</p> <p>The Directors' assessment of the extent of the disclosure is based on an evaluation of the inherent risks to the valuation, including the possible economic effect of the coronavirus pandemic.</p> <p>The risk for our audit is whether or not those disclosures adequately address the uncertainties within the valuation, and if so, whether those uncertainties are fundamental to the users' understanding of the financial statements. If so, we draw attention to the disclosure in our audit report by the inclusion of an "emphasis of matter" paragraph.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> ▪ Assessing valuers credentials: We assessed the external valuers qualifications and expertise and read their 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 reports which cover 100% of the investment properties 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 and the audit committee chairman with our own internal real estate specialist to discuss the valuation process, key assumptions such as occupancy, capitalisation and discount rates, and the rationale behind the more 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 judgment 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 read a sample of customer storage licence agreements. ▪ Independent re-performance: Using our own internally produced model and the external valuer and management's inputs we assessed the reasonableness of valuation as produced by the external valuer. ▪ Tests of detail: For investment property under construction we checked that the supporting information for construction contracts and budgets, which was also supplied to the valuer, was consistent with the Group's records for example by inspecting original construction cost reports. We also obtained evidence that planning permission had been obtained for development sites. ▪ Assessing transparency: Assessing whether the group's disclosures about the sensitivity of the valuation of investment properties to changes in key assumptions adequately reflected the related risks, particularly as regards the material uncertainty reported by the external valuers. <p>Our results</p> <p>We found the valuation of investment properties and the disclosure of the associated level of uncertainty to be acceptable (2019 result: acceptable).</p> <p>We have included an emphasis of matter in respect of the material uncertainty in the valuation in section 2 of this report (2019: no emphasis of matter).</p>

3. Key audit matters: including our assessment of risks of material misstatement (continued)

	The risk	Our response
<p>The impact of uncertainties due to the UK exiting the European Union on our audit Refer to page 38 (principal risks), page 41 (viability statement), page 95 (Audit Committee Report), note 2 (accounting policy) and page 132 (financial disclosures).</p>	<p>Unprecedented levels of uncertainty</p> <p>All audits assess and challenge the reasonableness of estimates, in particular as described in Valuation of Investment Property, including Investment Property under Construction, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the Group's future prospects and performance.</p> <p>In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the directors' statement 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.</p> <p>Brexit is one of the most significant economic events for the UK and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown.</p>	<p>We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:</p> <ul style="list-style-type: none"> ▪ Our Brexit knowledge – We considered the Directors' assessment of Brexit-related sources of risk for the Group's business and financial resources compared with our own understanding of the risks. We considered the Directors' plans to take action to mitigate the risks. ▪ Sensitivity analysis – When addressing Valuation of Investment Property, including Investment Property under Construction, and other areas that depend on forecasts, we compare the Directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty. ▪ Assessing transparency – As well as assessing individual disclosures as part of our procedures on Valuation of Investment Property, including Investment Property under Construction, we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against the understanding of the risks. <p>Our results</p> <p>As reported under Valuation of Investment Property, including Investment Property under Construction, we found the resulting estimates and related disclosures of Valuation of Investment Property, including Investment Property under Construction to be acceptable.</p> <p>However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.</p>
<p>Amounts owed by Group Undertakings (Parent Company only)</p> <p>£568.6m (2019: £593.1m)</p> <p>Refer to note 2 (accounting policy) and note 31 (financial disclosures).</p>	<p>Low risk, high value:</p> <p>The carrying amount of the intra-group debtor balance represents 95% (2019: 96%) of the Company's total assets at 31 March 2020.</p> <p>Their recoverability is not at a high risk of significant misstatement or subject to significant judgment. However, due to their materiality in the context of the Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> ▪ Test of details: We assessed 100% of Group debtors to identify, with reference to the relevant debtor's financial statements/draft balance sheet, whether they have a positive net asset value and therefore coverage of the debt owed, as well as assessing whether those subsidiary companies have historically been profit-making. ▪ Assessing subsidiary audits: We assessed the results of the work performed on the subsidiary audits, including assessing the liquidity of the assets and therefore the ability of the subsidiaries to fund the repayment of the receivable. <p>Our results</p> <p>We found the Company's assessment that the carrying amount of the Group debtor balance is recoverable to be acceptable (2019: acceptable).</p>

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

4. 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 £12m (2019: £10.5m), determined with reference to a benchmark of total assets [of which it represents 0.74% (2019: 0.69%)].

In addition, we applied materiality of £3.2m (2019: £3.25m) to all balances and classes of transactions impacting adjusted profit before tax (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 £5.4m (2019: £4.8m), determined with reference to a benchmark of total assets, of which it represents 0.91% (2019: 0.78%).

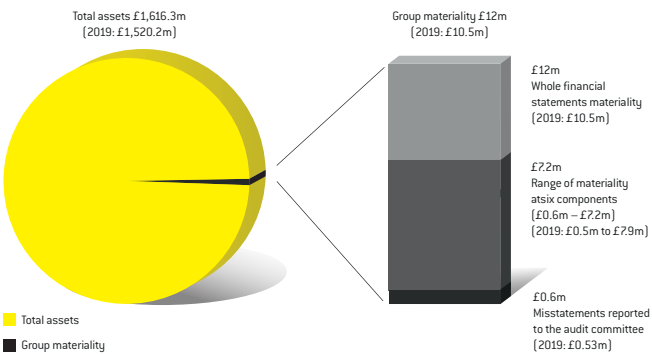
We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £600,000 (2019: £525,000) and those relating only to Balance Sheet classifications exceeding £3.0m (2019: £2.0m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 22 (2019: 19) components, we subjected six (2019: six) to full scope audits for Group purposes. These Group procedures covered 100% (2019: 100%) of total Group revenue; 100% (2019: 100%) of the total profits and losses that made up group profit before tax; and 100% (2019: 100%) of total Group assets.

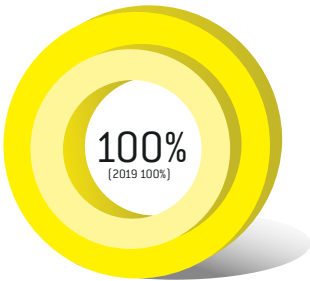
The work on all the components, including the audit of the parent Company, was performed by the Group team.

The Group team used component materialities, which ranged from £0.6m to £7.2m (2019: £0.5m to £7.9m), having regard to the mix of size and risk profile of the Group across the components.

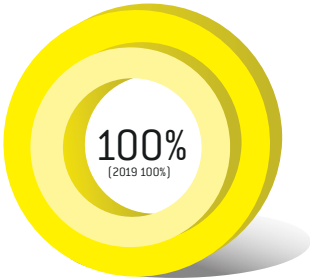
The Group team performed procedures on the items excluded from adjusted group profit before tax.



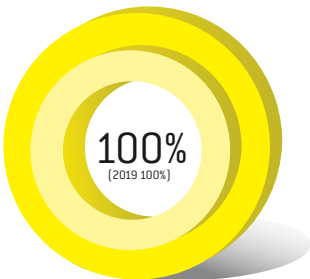
Group Revenue



Total profits and losses that made up group profit before tax



Group total assets



■ Full scope for group audit purposes 2020
■ Residual components
■ Full scope for group audit purposes 2019

5. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group'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 a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and 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 Company's available financial resources over this period were:

- The impact of economic uncertainty on the Group's occupancy rates.

As these were risks that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the erosion of customer confidence arising from the impact of Brexit or Covid-19.

Based on this work, we are required to report to you if:

- we have anything 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 Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 41 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

6. 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

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement on page 41 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 disclosures describing these risks 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.

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

(continued)

6. We have nothing to report on the other information in the Annual Report (continued)

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

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 judgments 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 Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and 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; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

7. 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.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 102, 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 other irregularities (see below), 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, other irregularities 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.

Irregularities – ability to detect

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, through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations. 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.

8. Respective responsibilities (continued)

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, 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.

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, 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 enquiry of the directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

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 (irregularities) 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 irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

9. 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.

Steve Masters (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

2 Forbury Place, 33 Forbury Road, Reading, RG1 3JH

8 June 2020

Financial Statements

Consolidated Statement of Comprehensive Income

Year ended 31 March 2020

	Note	2020 £000	2019 £000
Revenue	3	129,313	125,414
Cost of sales		(38,873)	(38,145)
Gross profit		90,440	87,269
Administrative expenses		(10,462)	(10,607)
Operating profit before gains on property assets		79,978	76,662
Gain on the revaluation of investment properties	14a, 15	23,193	58,898
Gain on disposal of investment property	14a	57	–
Operating profit		103,228	135,560
Share of profit of associates	14d	856	2,327
Investment income – interest receivable	7	114	167
Finance costs – interest payable	8	(9,843)	(10,076)
– fair value movement on derivatives	8	(908)	(1,123)
Profit before taxation		93,447	126,855
Taxation	9	(871)	(355)
Profit for the year (attributable to equity shareholders)	5	92,576	126,500
Total comprehensive income for the year (attributable to equity shareholders)		92,576	126,500
Basic earnings per share	12	55.8p	78.3p
Diluted earnings per share	12	55.6p	78.0p

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

Year ended 31 March 2020

	Note	2020 £000	2019 £000
Non-current assets			
Investment property	14a	1,385,120	1,354,430
Investment property under construction	14a	136,299	91,115
Right-of-use assets	14a	17,829	18,774
Plant, equipment and owner-occupied property	14b	4,008	2,939
Intangible assets	14c	1,433	1,433
Investment in associates	14d	11,260	11,053
Capital Goods Scheme receivable	16	660	1,332
Derivative financial instruments	18c	–	581
		1,556,609	1,481,657
Current assets			
Inventories		412	282
Trade and other receivables	16	7,882	20,356
Cash and cash equivalents		51,418	17,902
		59,712	38,540
Total assets		1,616,321	1,520,197
Current liabilities			
Trade and other payables	17	(33,446)	(41,649)
Borrowings	19	(2,728)	(2,598)
Obligations under lease liabilities	21	(1,751)	(1,625)
		(37,925)	(45,872)
Non-current liabilities			
Derivative financial instruments	18c	(327)	–
Borrowings	19	(397,007)	(333,279)
Obligations under lease liabilities	21	(17,186)	(17,149)
		(414,520)	(350,428)
Total liabilities		(452,445)	(396,300)
Net assets		1,163,876	1,123,897
Equity			
Share capital	22	16,714	16,667
Share premium account		112,320	111,514
Reserves		1,034,842	995,716
Equity shareholders' funds		1,163,876	1,123,897

The financial statements were approved by the Board of Directors and authorised for issue on 8 June 2020. They were signed on its behalf by:

James Gibson
Director

John Trotman
Director

Company Registration No. 03625199

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 March 2020

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

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

Year ended 31 March 2019

	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 2018	15,857	46,362	74,950	1,795	843,203	(1,019)	981,148
Total comprehensive income for the year	–	–	–	–	126,500	–	126,500
Issue of share capital	810	65,152	–	–	–	–	65,962
Dividend	–	–	–	–	(52,058)	–	(52,058)
Credit to equity for equity-settled share based payments	–	–	–	–	2,345	–	2,345
At 31 March 2019	16,667	111,514	74,950	1,795	919,990	(1,019)	1,123,897

The accompanying notes form part of the financial statements.

Consolidated Cash Flow Statement

Year ended 31 March 2020

	Note	2020 £000	2019 £000
Cash generated from operations	26	85,074	82,912
Bank interest paid		(10,211)	(9,654)
Interest on obligations under lease liabilities		(820)	(915)
Interest received		33	25
Tax paid		(461)	(195)
Cash flows from operating activities		73,615	72,173
Investing activities			
Purchase of non-current assets		(63,748)	(83,038)
Proceeds on disposal of investment property		14,105	–
Receipts from Capital Goods Scheme		1,226	1,876
Dividend received from associates	14d	649	550
Cash flows from investing activities		(47,768)	(80,612)
Financing activities			
Issue of share capital		853	65,962
Payment of lease liabilities		(962)	(1,075)
Equity dividends paid	11	(55,706)	(52,058)
Loan arrangement fees paid		(919)	(367)
Drawing of new Aviva loan		35,000	–
Increase in borrowings		29,403	7,026
Cash flows from financing activities		7,669	19,488
Net increase in cash and cash equivalents		33,516	11,049
Opening cash and cash equivalents		17,902	6,853
Closing cash and cash equivalents		51,418	17,902

The accompanying notes form part of the financial statements.

Notes to the Financial Statements

Year ended 31 March 2020

1. GENERAL INFORMATION (continued)

Big Yellow Group PLC is a Company incorporated in the United Kingdom under the Companies Act 2006. 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 30.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union in accordance with EU law (IAS regulation EC1606/2002) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS, and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

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, except as described in the following sections.

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied a number of new or amendments to existing IFRSs issued by the International Accounting Standards Board (IASB):

IFRS 16	Leases (see below)
Amendments to IFRS 9	Financial Instruments
Amendments to IAS 28	Long-term interests in Associates and Joint Ventures
Amendments to IAS 19	Employee Benefits
IFRIC 23	Uncertainty over Income Tax Treatments

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:

IFRS 17	Insurance Contracts
Amendments to IFRS 3	Definition of a business
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS1 and IAS 8	Definition of Material
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

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.

Leases

The Group's has adopted IFRS 16 (Leases) in the current year. The Group has applied the modified retrospective approach in adopting IFRS 16 to operating leases. This method includes the calculated lease liabilities and right-of-use assets to be recognised in the consolidated balance sheet on the Group's transition date of 1 April 2019, without the requirement to restate prior periods. Under the standard, the Group also has the option to set the balance of the right-of-use assets, on transition, at an amount equal to the lease liabilities. This option has been taken.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**Policy applicable from 1 April 2019**

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.

Short-term leases and leases of low-value assets

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of office equipment that have a lease term of 12 months or less and leases of low value assets including IT equipment; and
- the Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1 April 2019

In the comparative period, leases were only classified as operating leases when they did not meet the definition of finance leases. Rentals payable under these leases were charged to the statement of comprehensive income on a straight-line basis over the term of the relevant lease. In the event that lease incentives were received to enter into operating leases, such incentives were recognised as a liability. The aggregate benefit of incentives was recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

Notes to the Financial Statements (continued)

Year ended 31 March 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impact on financial position from the adoption of IFRS 16:

Included within the scope of the standard are the Group's leases for its six short leasehold stores and two long leasehold stores, on which the Group pays rent. These leases are already disclosed on the consolidated balance sheet and accounted for in accordance with the requirements of IFRS 16, with the exception of one long leasehold store where the lease has now been recognised, amounting to £253,000. The Group also has operating leases in place on its head office and distribution warehouse. On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17.

The adoption of the standard has not impacted the Group's financial position as a lessor or the accounting for the rental income from the Group's investment properties. The standard requires lessees to recognise, for each lease, a right-of-use asset and related lease liability representing the obligation to make lease payments. Interest expense on the lease liability and depreciation on the right-of-use asset is recognised in the consolidated statement of comprehensive income.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate (calculated as the swap rate for the remaining length of lease plus the Group's weighted average margin on its debt instruments) at 1 April 2019. The weighted-average rate applied is 2.9%.

The Group leases a number of properties for use as self storage centres. These leases were classified as finance leases under IAS 17.

The reconciliation of the balance sheet movement is shown in the table below:

Balance sheet caption	Pre-transition 1 April 2019 £000	IFRS 16 Adoption at 1 April 2019 £000	Post-transition 1 April 2019 £000
Interest in leasehold properties (asset)	18,774	253	19,027
Property plant and equipment (asset)	—	872	872
Obligations under lease liabilities (current)	(1,625)	(126)	(1,751)
Obligations under lease liabilities (non-current)	(17,149)	(999)	(18,148)

The Group has presented two right-of-use assets as property, plant and equipment as they do not meet the definition of investment property.

The standard changes the allocation of lease payments over the length of the lease, resulting in the rental payments being more front ended in the statement of comprehensive income. Adjusted profit after tax reduced by £0.3 million and EPRA earnings per share reduced by 0.2 pence as a result of the adoption of IFRS 16 for the year ended 31 March 2020.

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.

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:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern

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

The Group issued 8.3 million shares in April 2020 by way of a placing, raising £79.9 million (net of expenses). At 8 June 2020 the Group had available liquidity of £162 million, from a combination of cash and undrawn bank debt facilities. The Group is cash generative and for the year ended 31 March 2020, had operational cash flow of £73.6 million, with capital commitments at the balance sheet date of £10 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 2021 and projections contained in the longer-term business plan which cover the period to March 2024. 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.

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

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

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).

Goodwill

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the statement of comprehensive income. Goodwill is reviewed for impairment at least annually. Any impairment is recognised immediately in the statement of comprehensive income and is not subsequently reversed.

Notes to the Financial Statements (continued)

Year ended 31 March 2020

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. 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
- insurance income which is recognised on a straight-line basis over the period a customer occupies their room. The Group recognises insurance income as a principal, as the insurance contract is between the Group and the customer. The Group is also responsible for setting the pricing for the sale of insurance to customers.

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.

Management fees earned are recognised on a straight-line basis over the period for which the services are provided. Fees earned from associates are recognised in full in the statement of comprehensive income through revenue with the proportionate debit shown in the share of profit of associate. Performance fees are earned from the Group's management contract with the Armadillo associate. These fees are subject to performance thresholds such that revenue is not recognised until the specific conditions have been met, and it is highly probable that no significant reversal of amounts would occur.

Borrowings

Interest-bearing loans and overdrafts are 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.

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 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 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Notes to the Financial Statements (continued)

Year ended 31 March 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 ECL, 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. Such assets have historically had immaterial levels of bad debt and consequently the Group has not recognised any impairment provision against them.

Measurement of ECLs

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

Write-offs

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

D – Cash and cash equivalents

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

E – Financial liabilities and equity

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, CBRE, who report on the values of the Group's stores on an annual basis. The stores within the Armadillo Partnerships are valued by Jones Lang LaSalle. 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. 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.

Judgement of business combinations

The Directors assess whether the acquisition of property through the purchase of a corporate vehicle should be accounted for as an asset purchase or a business combination. Where the acquired corporate vehicle is an integrated set of activities and assets that is capable of being conducted and managed to provide a return to investors, the transaction is accounted for as a business combination. Where there are no such significant items, the transaction is treated as an asset purchase. The Directors assess when the risks and rewards associated with an acquisition or disposal have transferred. There have been no business combinations in the year.

Notes to the Financial Statements (continued)

Year ended 31 March 2020

3. REVENUE

Analysis of the Group's operating revenue can be found below and in the Portfolio Summary on page 22.

	2020 £000	2019 £000
Open stores		
Self storage income	107,293	104,072
Insurance income	13,432	13,019
Packing materials income	2,505	2,707
Other income from storage customers	1,434	1,420
Ancillary store rental income	710	492
	125,374	121,710
Other revenue		
Non-storage income	1,706	1,561
Management fees earned	2,233	2,143
Total revenue	129,313	125,414

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

4. SEGMENTAL INFORMATION

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

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

5. PROFIT FOR THE YEAR

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

	Note	2020 £000	2019 £000
Depreciation of plant, equipment and owner-occupied property	14b	783	712
Depreciation of interest in leasehold properties	14a	1,198	1,075
Gain on the revaluation of investment property		(23,193)	(58,898)
Profit on disposal of investment property		(57)	–
Cost of inventories recognised as an expense		1,021	1,057
Employee costs (see note 6)		17,292	16,910
Operating lease rentals		5	144

Following the introduction of IFRS 16, the majority of the Group's operating leases are now classified as right-of-use liabilities, and hence are no longer disclosed in the operating lease rentals line above.

5. PROFIT FOR THE YEAR (continued)**b) Analysis of auditor's remuneration:**

	2020 £000	2019 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	198	188
Fees payable to the Company's auditor for the subsidiaries' annual accounts	28	27
Total audit fees	226	215
Audit related assurance services - interim review	35	33
Total non-audit fees	35	33

Fees payable to KPMG LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis. Fees charged by KPMG LLP to the Group's associates, Armadillo Storage Holding Company Limited and Armadillo Storage Holding Company 2 Limited in the year amounted to £54,000 (2019: £51,000) which all related to statutory financial statement audit services.

6. EMPLOYEE COSTS

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

	2020 Number	2019 Number
Sales	304	292
Administration	57	55
	361	347

At 31 March 2020 the total number of Group employees was 405 (2019: 395).

	2020 £000	2019 £000
Their aggregate remuneration comprised:		
Wages and salaries	12,741	12,009
Social security costs	1,681	2,025
Other pension costs	614	531
Share-based payments	2,256	2,345
	17,292	16,910

Details of Directors' Remuneration is given on pages 71 to 92. The Directors are the only employees assessed as key management personnel.

7. INVESTMENT INCOME

	2020 £000	2019 £000
Bank interest receivable	33	25
Unwinding of discount on Capital Goods Scheme receivable	81	142
Total investment income	114	167

Notes to the Financial Statements (continued)

Year ended 31 March 2020

8. FINANCE COSTS

	2020 £000	2019 £000
Interest on bank borrowings	10,579	9,926
Capitalised interest	(1,556)	(765)
Interest on obligations under lease liabilities	820	915
Total interest payable	9,843	10,076
Fair value movement on derivatives	908	1,123
Total finance costs	10,751	11,199

9. TAXATION

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

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the Company's future current tax charge accordingly. Any deferred tax at 31 March 2020 has been calculated at 19% (2019: 17%).

UK current tax	2020 £000	2019 £000
– Current year	940	318
– Prior year	(69)	37
	871	355

A reconciliation of the tax charge is shown below:

	2020 £000	2019 £000
Profit before tax	93,447	126,855
Tax charge at 19% (2019 - 19%) thereon	17,755	24,102
Effects of:		
Revaluation of investment properties	(4,407)	(11,191)
Share of profit of associates	(163)	(338)
Other permanent differences	(2,262)	(2,230)
Profits from the tax exempt business	(9,983)	(10,025)
Current year tax charge	940	318
Prior year adjustment	(69)	37
Total tax charge	871	355

At 31 March 2020 the Group has unutilised tax losses from the non-REIT taxable business of £34.2 million (2019: £34.2 million) available for offset against certain types of future taxable profits. All losses can be carried forward indefinitely.

10. ADJUSTED PROFIT

	2020 £000	2019 £000
Profit before tax	93,447	126,855
Gain on revaluation of investment properties – Group	(23,193)	(58,898)
– in associate (net of deferred tax)	(100)	(1,605)
Change in fair value of interest rate derivatives – Group	908	1,123
– in associate	(7)	(10)
Gain on disposal of investment property	(57)	–
Adjusted profit before tax	70,998	67,465
Tax	(871)	(355)
Adjusted profit after tax	70,127	67,110

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

11. DIVIDENDS

	2020 £000	2019 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2019 of 16.5p (2018: 15.5p) per share.	27,319	24,417
Interim dividend for the year ended 31 March 2020 of 17.1p (2019: 16.7p) per share.	28,387	27,641
	55,706	52,058
Proposed final dividend for the year ended 31 March 2020 of 16.7p (2019: 16.5p) per share.	29,124	27,319

Subject to approval by shareholders at the Annual General Meeting to be held on 5 August 2020, the final dividend will be paid on 10 August 2020. The ex-div date is 18 June 2020 and the record date is 19 June 2020.

The Property Income Distribution ("PID") payable for the year is 30.6 pence per share (2019: 29.2 pence per share).

12. EARNINGS PER SHARE

	Year ended 31 March 2020			Year ended 31 March 2019		
	Earnings £000	Shares million	Pence per share	Earnings £000	Shares million	Pence per share
Basic	92,576	165.8	55.8	126,500	161.5	78.3
Dilutive share options	–	0.7	(0.2)	–	0.6	(0.3)
Diluted	92,576	166.5	55.6	126,500	162.1	78.0
Adjustments:						
Gain on revaluation of investment properties	(23,193)	–	(13.9)	(58,898)	–	(36.3)
Change in fair value of interest rate derivatives	908	–	0.5	1,123	–	0.7
Gain on disposal of investment property	(57)	–	(0.0)	–	–	–
Share of associate fair value gains and losses	(107)	–	(0.1)	(1,615)	–	(1.0)
EPRA – diluted	70,127	166.5	42.1	67,110	162.1	41.4
EPRA – basic	70,127	165.8	42.3	67,110	161.5	41.5

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

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

Notes to the Financial Statements (continued)

Year ended 31 March 2020

13. NET ASSETS PER SHARE

The European Public Real Estate Association ("EPRA") has issued recommended bases for the calculation of net assets per share information and this is shown in the table below:

	31 March 2020 £000	31 March 2019 £000
Basic net asset value	1,163,876	1,123,897
Exercise of share options	1,262	1,609
EPRA NNNAV	1,165,138	1,125,506
Adjustments:		
Fair value of derivatives	327	(581)
Fair value of derivatives – share of associate	–	7
Share of deferred tax in associates	1,332	1,120
EPRA NAV	1,166,797	1,126,052
Basic net assets per share (pence)	701.1	678.9
EPRA NNNAV per share (pence)	696.1	673.9
EPRA NAV per share (pence)	697.1	674.2
EPRA NAV (as above) (£000)	1,166,797	1,126,052
Valuation methodology assumption (see note 15) (£000)	91,789	83,784
Adjusted net asset value (£000)	1,258,586	1,209,836
Adjusted net assets per share (pence)	751.9	724.4
	No. of shares	No. of shares
Shares in issue	167,138,527	166,665,158
Own shares held in EBT	(1,122,907)	(1,122,907)
Basic shares in issue used for calculation	166,015,620	165,542,251
Exercise of share options	1,371,985	1,468,145
Diluted shares used for calculation	167,387,605	167,010,396

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).

14. NON-CURRENT ASSETS**α) 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 2018	1,245,142	58,157	22,929	1,326,228
Additions	35,785	47,563	–	83,348
Acquisition of freehold	–	–	(3,130)	(3,130)
Adjustment to present value	–	–	50	50
Transfer on opening of store	14,545	(14,545)	–	–
Revaluation (see note 15)	58,958	(60)	–	58,898
Depreciation	–	–	(1,075)	(1,075)
At 31 March 2019	1,354,430	91,115	18,774	1,464,319
Additions	9,860	56,859	253	66,972
Transfer on opening of store	9,070	(9,070)	–	–
Revaluation (see note 15)	23,405	(212)	–	23,193
Disposals	(11,645)	(2,393)	–	(14,038)
Depreciation	–	–	(1,198)	(1,198)
At 31 March 2020	1,385,120	136,299	17,829	1,539,248

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

The income from self storage accommodation earned by the Group from its investment property is disclosed in note 3. Direct operating expenses, which are all applied to generating rental income, arising on the investment property in the year are disclosed in the Portfolio Summary on page 22. Included within additions is £1.6 million of capitalised interest (2019: £0.8 million), calculated at the Group's average borrowing cost for the year of 2.6%. 56 of the Group's investment properties are pledged as security for loans, with a total external value of £1,129.0 million.

The disposal in investment property is the sale of the part of the Wyvern Industrial Estate in New Malden, London that the Group does not occupy for £11.8 million. The disposal in investment property under construction is the sale of a plot of land in Slough for £2.4 million. The net profit on disposal of these two properties was £57,000.

Notes to the Financial Statements (continued)

Year ended 31 March 2020

14. NON-CURRENT ASSETS (continued)

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	IFRS 16 leases £000	Total £000
Cost							
At 31 March 2018	2,197	74	691	32	1,316	–	4,310
Retirement of fully depreciated assets	–	–	(100)	–	(838)	–	(938)
Additions	38	–	81	–	440	–	559
At 31 March 2019	2,235	74	672	32	918	–	3,931
Retirement of fully depreciated assets	–	(3)	(283)	–	(581)	–	(867)
Additions	40	6	101	–	833	–	980
Accounting policy change	–	–	–	–	–	872	872
At 31 March 2020	2,275	77	490	32	1,170	872	4,916
Depreciation							
At 31 March 2018	(451)	(22)	(309)	(14)	(422)	–	(1,218)
Retirement of fully depreciated assets	–	–	100	–	838	–	938
Charge for the year	(43)	(2)	(139)	(7)	(521)	–	(712)
At 31 March 2019	(494)	(24)	(348)	(21)	(105)	–	(992)
Retirement of fully depreciated assets	–	3	283	–	581	–	867
Charge for the year	(42)	(5)	(115)	(7)	(508)	(106)	(783)
At 31 March 2020	(536)	(26)	(180)	(28)	(32)	(106)	(908)
Net book value							
At 31 March 2020	1,739	51	310	4	1,138	766	4,008
At 31 March 2019	1,741	50	324	11	813	–	2,939

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 in associates

Armadillo

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

	Armadillo 1		Armadillo 2		Total	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
At the beginning of the year	6,804	5,730	4,249	3,546	11,053	9,276
Share of results (see below)	549	1,364	307	963	856	2,327
Dividends	(326)	(290)	(323)	(260)	(649)	(550)
Share of net assets	7,027	6,804	4,233	4,249	11,260	11,053

14. NON-CURRENT ASSETS (continued)**d) Investment in associates** (continued)

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

The investment properties owned by Armadillo 1 and Armadillo 2 have been valued at 31 March 2020 and 31 March 2019 by Jones Lang LaSalle.

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

	Armadillo 1		Armadillo 2	
	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Statement of comprehensive income (100%)				
Revenue	10,525	9,178	6,212	5,879
Cost of sales	(5,608)	(4,751)	(2,940)	(2,781)
Administrative expenses	(395)	(1,272)	(1,133)	(144)
Operating profit	4,522	3,155	2,139	2,954
Gain on the revaluation of investment properties	749	5,926	812	3,727
Net interest payable	(1,295)	(996)	(923)	(964)
Fair value movement of interest rate derivatives	4	48	32	2
Deferred and current tax	(1,236)	(1,314)	(520)	(904)
Profit attributable to shareholders	2,744	6,819	1,540	4,815
Dividends paid	(1,630)	(1,451)	(1,615)	(1,301)
Retained profit/(loss)	1,114	5,368	(75)	3,514
Balance sheet (100%)				
Investment property	70,825	60,450	43,825	42,500
Interest in leasehold properties	1,950	1,385	2,574	2,929
Other non-current assets	1,219	1,196	2,029	2,051
Current assets	3,621	1,547	3,100	1,101
Current liabilities	(35,122)	(4,088)	(24,583)	(2,538)
Derivative financial instruments	–	(4)	–	(32)
Non-current liabilities	(7,361)	(26,468)	(5,778)	(24,769)
Net assets (100%)	35,132	34,018	21,167	21,242
Group share				
Operating profit	904	631	428	591
Gain on the revaluation of investment properties	150	1,185	162	746
Net interest payable	(259)	(199)	(185)	(193)
Fair value movement of interest rate derivatives	1	10	6	–
Deferred and current tax	(247)	(263)	(104)	(181)
Profit attributable to shareholders	549	1,364	307	963
Dividends paid	(326)	(290)	(323)	(260)
Retained profit/(loss)	223	1,074	(16)	703
Associates' net assets	7,027	6,804	4,233	4,249

Included within administrative expenses in Armadillo 2 in the current year is a performance fee payable to Big Yellow of £1 million (2019: performance fee in Armadillo 1 of £1 million).

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

Notes to the Financial Statements (continued)

Year ended 31 March 2020

15. VALUATION OF INVESTMENT PROPERTY

	Deemed cost £000	Revaluation on deemed cost £000	Valuation £000
Freehold stores			
At 31 March 2019	661,258	655,832	1,317,090
Transfer from investment property under construction	13,646	(4,576)	9,070
Disposal	(11,645)	–	(11,645)
Movement in year	9,583	28,612	38,195
At 31 March 2020	672,842	679,868	1,352,710
Leasehold stores			
At 31 March 2019	12,750	24,590	37,340
Movement in year	277	(5,207)	(4,930)
At 31 March 2020	13,027	19,383	32,410
Total of open stores			
At 31 March 2019	674,008	680,422	1,354,430
Transfer from investment property under construction	13,646	(4,576)	9,070
Disposal	(11,645)	–	(11,645)
Movement in year	9,860	23,405	33,265
At 31 March 2020	685,869	699,251	1,385,120
Investment property under construction			
At 31 March 2019	95,483	(4,368)	91,115
Transfer to investment property	(13,646)	4,576	(9,070)
Disposal	(2,393)	–	(2,393)
Movement in year	56,859	(212)	56,647
At 31 March 2020	136,303	(4)	136,299
Valuation of all investment property			
At 31 March 2019	769,491	676,054	1,445,545
Disposals	(14,038)	–	(14,038)
Movement in year	66,719	23,193	89,912
At 31 March 2020	822,172	699,247	1,521,419

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 wholly owned freehold and leasehold investment properties have been valued at 31 March 2020 by external valuers, CBRE Limited (“CBRE”). The Valuation has been prepared in accordance with the version of the RICS Valuation – Global Standards [incorporating the International Valuation Standards] and the UK national supplement [“the Red Book”] current as at the valuation date. The valuation of each of the investment properties and the investment properties under construction has been prepared on the basis of either Fair Value or Fair Value as a fully equipped operational entity, having regard to trading potential, as appropriate.

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

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

15. VALUATION OF INVESTMENT PROPERTY (continued)**Material valuation uncertainty due to Novel Coronavirus (Covid-19)**

CBRE's report comments that the outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Observable market activity – that provides the empirical data for CBRE to have an adequate level of certainty in the valuation – is being impacted in the case of the properties valued. For these properties, as at the valuation date, CBRE consider that they can attach less weight to previous market evidence for comparison purposes, to inform their opinion of value. Indeed, the current response to Covid-19 means that they are faced with an unprecedented set of circumstances on which to base a judgement.

CBRE's valuation is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the Red Book. Consequently, less certainty – and a higher degree of caution – should be attached to CBRE's valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, CBRE recommend that the Group keep the valuation of the whole portfolio under frequent review.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

Limited Comparable Market Evidence – Self Storage

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

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

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

Portfolio Premium

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

Notes to the Financial Statements (continued)

Year ended 31 March 2020

15. VALUATION OF INVESTMENT PROPERTY (continued)

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 75 trading stores (both freeholds and leaseholds) open at 31 March 2020 averages 84.4% (31 March 2019: 74 stores averaging 84.7%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The average time assumed for the 75 stores to trade at their maturity levels is 21.5 months (31 March 2019: 17 months).
- C. The capitalisation rates applied to existing and future net cash flow have been estimated by reference to underlying yields for asset types such as industrial, distribution and retail warehousing, yields for other trading property types such as student housing and hotels, bank base rates, ten-year money rates, inflation and the available evidence of transactions in the sector. The valuation included in the accounts assumes rental growth in future periods. If an assumption of no rental growth is applied to the external valuation, the net initial yield pre-administration expenses for the 75 stores is 6.15% (31 March 2019: 6.4%) rising to a stabilised net yield pre-administration expenses of 6.78% (31 March 2019: 6.7%). The weighted average exit capitalisation rate adopted (for both freeholds and leaseholds) is 6.07% (31 March 2019: 6.1%).
- D. The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each asset. The weighted average annual discount rate adopted (for both freeholds and leaseholds) is 9.29% (31 March 2019: 9.3%).
- E. Weighted average purchaser's costs of 6.745% have been adopted reflecting current progressive Stamp Duty Land Tax rates. Purchaser's costs (calculated on the same basis) plus sale costs of 1% have been adopted on the notional sales in the tenth year in relation to the freehold and long leasehold stores.

Short leasehold

The same methodology has been used as for freeholds, but the exit capitalisation rate is adjusted to reflect the unexpired lease term at exit. The average unexpired term of the Group's six short leasehold properties is 12.9 years (31 March 2019: 13.9 years unexpired).

Sensitivities

As noted in 'Significant judgements and key estimates' on page 123, self storage valuations are complex, derived from data which is not widely publicly available and involve a degree of judgement. For these reasons we have classified the valuations of our property portfolio as Level 3 as defined by IFRS 13. Inputs to the valuations, some of which are 'unobservable' as defined by IFRS 13, include capitalisation yields, stable occupancy rates, and rental growth rates. The existence of an increase of more than one unobservable input would augment the impact on valuation. The impact on the valuation would be mitigated by the inter-relationship between unobservable inputs moving in opposite directions. For example, an increase in stable occupancy may be offset by an increase in yield, resulting in no net impact on the valuation. A sensitivity analysis showing the impact on valuations of changes in yields and stable occupancy is shown below.

	Impact of a change in capitalisation rates		Impact of a change in stabilised occupancy assumption	
	25 bps decrease	25 bps increase	1% increase	1% decrease
Reported Group	£57.1m	(£52.5m)	£21.0m	(£21.0m)

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

Investment properties under construction

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

15. VALUATION OF INVESTMENT PROPERTY (continued)**Immature stores: valuer judgement**

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

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

Valuation assumption for purchaser's costs

The Group's investment property assets have been valued for the purposes of the financial statements after deducting notional weighted average purchaser's cost of 6.745% on the net value, as if they were sold directly as property assets. The valuation is an asset valuation which is entirely linked to the operating performance of the business. The assets would have to be sold with the benefit of operational contracts, employment contracts and customer contracts, which would be very difficult to achieve except in a corporate structure. This approach follows the logic of the valuation methodology in that the valuation is based on a capitalisation of the net operating income after allowing a deduction for operational cost and an allowance for central administration costs. Sale in a corporate structure would result in a reduction in the assumed Stamp Duty Land Tax but an increase in other transaction costs reflecting additional due diligence resulting in a reduced notional purchaser's cost of 2.75% of gross value. All the significant sized transactions that have been concluded in the UK in recent years were completed in a corporate structure. The Group therefore instructed CBRE to carry out an additional valuation on the above basis, and this results in a higher property valuation at 31 March 2020 of £1,612.3 million (£90.9 million higher than the value recorded in the financial statements). Under the revised valuation of purchaser's costs of 2.75%, the total valuations in the two Armadillo Partnerships performed by Jones Lang LaSalle are £4.3 million higher than the value recorded in the financial statements, of which the Group's share is £0.9 million. The sum of these is £91.8 million and translates to 54.8 pence per share. We have included this revised valuation in the adjusted diluted net asset calculation (see note 13).

Notes to the Financial Statements (continued)

Year ended 31 March 2020

16. TRADE AND OTHER RECEIVABLES

	31 March 2020 £000	31 March 2019 £000
Current		
Trade receivables	4,399	4,528
Capital Goods Scheme receivable	722	1,195
Other receivables	602	307
Prepayments and accrued income	2,159	14,326
	7,882	20,356
Non-current		
Capital Goods Scheme receivable	660	1,332

Trade receivables are net of a bad debt provision of £176,000 (2019: £30,000). 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.

Historically the Group has recognised a liability at 31 March within trade creditors in respect of rates invoices received and dated prior 31 March relating to the subsequent year commencing 1 April, with an equivalent amount recognised as a prepayment asset. Having reassessed this treatment in the year, the Directors have determined that no liability exists as at 31 March for these costs, and have therefore not recognised a liability or a corresponding prepayment as at 31 March 2020 for these costs. The comparative amounts as at 31 March 2019 have not been restated as the Directors have determined that the impact on the prior year balance sheet amounts (£11.3 million) would not influence the economic decisions of the users of the financial statements. There was no impact on the Group's Income Statement or net assets in either the current or prior year, and no impact on the Group's performance metrics or loan covenants on an actual or forecast basis. Accordingly, the Directors have concluded that the effect was not material and that prior year would not be restated.

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 receivable balance are debtors with a carrying amount of £379,000 (2019: £302,000) 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 (2019: 20 days past due).

Ageing of past due but not impaired receivables

	2020 £000	2019 £000
1 - 30 days	200	241
31 - 60 days	45	33
60 + days	134	28
Total	379	302

16. TRADE AND OTHER RECEIVABLES (continued)**Movement in the allowance for doubtful debts**

	2020 £000	2019 £000
Balance at the beginning of the year	30	14
Amounts provided in year	368	280
Amounts written off as uncollectible	(222)	(264)
Balance at the end of the year	176	30

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

Ageing of impaired trade receivables

	2020 £000	2019 £000
1 - 30 days	1	8
30 - 60 days	45	4
60 + days	130	18
Total	176	30

The increase in impaired trade receivables and the amounts provided in the year is related to tenants at the Group's development sites, and not self storage customers.

17. TRADE AND OTHER PAYABLES

	31 March 2020 £000	31 March 2019 £000
Current		
Trade payables	4,748	15,522
Other payables	10,734	9,319
Accruals and deferred income	17,964	16,808
	33,446	41,649

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.

Historically the Group has recognised a liability at 31 March within trade creditors in respect of rates invoices received and dated prior 31 March relating to the subsequent year commencing 1 April, with an equivalent amount recognised as a prepayment asset. Having reassessed this treatment in the year, the Directors have determined that no liability exists as at 31 March for these costs, and have therefore not recognised a liability or a corresponding prepayment as at 31 March 2020 for these costs. The comparative amounts as at 31 March 2019 have not been restated as the Directors have determined that the impact on the prior year balance sheet amounts (£11.3 million) would not influence the economic decisions of the users of the financial statements. There was no impact on the Group's Income Statement or net assets in either the current or prior year, and no impact on the Group's performance metrics or loan covenants on an actual or forecast basis. Accordingly, the Directors have concluded that the effect was not material and that prior year would not be restated.

Notes to the Financial Statements (continued)

Year ended 31 March 2020

18. FINANCIAL INSTRUMENTS

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

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

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:

	2020 £000	2019 £000
Debt	(402,028)	(337,625)
Cash and cash equivalents	51,418	17,902
Net debt	(350,610)	(319,723)
Balance sheet equity	1,163,876	1,123,897
Net debt to equity ratio	30.1%	28.4%

B. Debt management

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

18. FINANCIAL INSTRUMENTS (continued)**C. Interest rate risk management**

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

At 31 March 2020 the Group had two interest rate derivatives in place; £30 million fixed at 0.4% (excluding the margin on the underlying debt instrument) until October 2021, and £35 million fixed at 0.76% (excluding the margin on the underlying debt instrument) until June 2023.

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

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

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

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

	2020 £000	2019 £000
At 1 April	581	1,704
Fair value movement in the year	(908)	(1,123)
At 31 March	(327)	581

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

	Loans £000	Obligations under lease liabilities (restated for IFRS 16) £000	Interest rate derivatives £000	Total £000
At 1 April 2019	(337,625)	(19,899)	581	(356,943)
Cash movement in the year	(64,403)	962	–	(63,441)
Fair value movement	–	–	(908)	(908)
At 31 March 2020	(402,028)	(18,937)	(327)	(421,292)

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

Notes to the Financial Statements (continued)

Year ended 31 March 2020

18. FINANCIAL INSTRUMENTS (continued)

C. Interest rate risk management (continued)

	Loans £000	Obligations under lease liabilities £000	Interest rate derivatives £000	Total £000
At 1 April 2018	(330,599)	(22,929)	1,704	(351,824)
Cash movement in the year	(7,026)	1,075	–	(5,951)
Non-cash movement	–	3,080	(1,123)	1,957
At 31 March 2019	(337,625)	(18,774)	581	(355,818)

The difference between the loans balance above and the balance sheet is loan arrangement fees of £1,748,000

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 2020, 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 £549,000 (2019: reduced adjusted profit before tax by £469,000) 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 £549,000 (2019: increased adjusted profit before tax by £469,000). 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, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 19 is a description of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

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

F. Foreign currency management

The Group does not have any foreign currency exposure.

G. Credit risk

The credit risk management policies of the Group with respect to trade receivables are discussed in note 16. The Group has no significant concentration of credit risk, with exposure spread over 56,500 customers in our stores.

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

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.

2020 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	117,528	2,728	2,865	9,484	102,451
M&G loan payable at variable rate	35,000	–	–	35,000	–
M&G loan fixed by interest rate derivatives	35,000	–	–	35,000	–
Bank loan payable at variable rate	184,500	–	–	184,500	–
Debt fixed by interest rate derivatives	30,000	–	–	30,000	–
Total	402,028	2,728	2,865	293,984	102,451

2019 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	85,125	2,598	2,728	9,032	70,767
M&G loan payable at variable rate	35,000	–	–	35,000	–
M&G loan fixed by interest rate derivatives	35,000	–	–	35,000	–
Bank loan payable at variable rate	152,500	–	–	152,500	–
Debt fixed by interest rate derivatives	30,000	–	–	30,000	–
Total	337,625	2,598	2,728	261,532	70,767

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.

Notes to the Financial Statements (continued)

Year ended 31 March 2020

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:

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

2019	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Obligations under lease liabilities	Total £000
From five to twenty years	–	–	82,110	20,394	102,504
From two to five years	–	(307)	286,926	4,959	291,578
From one to two years	–	(168)	12,453	1,653	13,938
Due after more than one year	–	(475)	381,489	27,006	408,020
Due within one year	24,841	(132)	12,453	1,653	38,815
Total	24,841	(607)	393,942	28,659	446,835

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.

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

2019	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
From five to twenty years	70,767	9,922	1,421	82,110
From two to five years	261,532	25,067	327	286,926
From one to two years	2,728	9,725	–	12,453
Due after more than one year	335,027	44,714	1,748	381,489
Due within one year	2,598	9,855	–	12,453
Total	337,625	54,569	1,748	393,942

19. BORROWINGS

	31 March 2020 £000	31 March 2019 £000
Secured borrowings at amortised cost		
Current liabilities		
Aviva loan	2,728	2,598
	2,728	2,598
Non-current liabilities		
Bank borrowings	214,500	182,500
Aviva loan	114,800	82,527
M&G loan	70,000	70,000
Unamortised loan arrangement costs	(2,293)	(1,748)
Total non-current borrowings	397,007	333,279
Total borrowings	399,735	335,877

The weighted average interest rate paid on the borrowings during the year was 2.6% (2019: 2.9%).

The Group has £25,500,000 in undrawn committed bank borrowing facilities at 31 March 2020, which expire after between four and five years (2019: £27,500,000 expiring after between four and five years).

The Group has a £100 million 15 year fixed rate loan with Aviva Commercial Finance Limited, expiring in April 2027. The loan is secured over a portfolio of 15 freehold self storage centres. The annual fixed interest rate on the loan is 4.9%. The loan amortises to £60 million over the course of the 15 years. The debt service is payable monthly based on fixed annual amounts. Additionally in March 2020, the Group agreed a new 7 year debt facility with Aviva of £35 million at an all-in cost of 1.96%, secured over the existing Aviva security pool of 15 stores. The all-in cost of this tranche of the loan reduces to 1.91% following the installation of 50 kWh capacity solar panels at three of the stores. The total debt facilities from Aviva are now £117.5 million of which £82.5 million will continue to amortise down to £60 million over the remaining seven years of the loan.

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

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

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

The Group was in compliance with its banking covenants at 31 March 2020 and throughout the year. The main covenants are summarised in the table below:

Covenant	Covenant level	At 31 March 2020
Consolidated EBITDA	Minimum 1.5x	8.1x
Consolidated net tangible assets	Minimum £250m	£1,164m
Bank loan income cover	Minimum 1.75x	10.8x
Aviva loan interest service cover ratio	Minimum 1.5x	4.8x
Aviva loan debt service cover ratio	Minimum 1.2x	2.9x
M&G income cover	Minimum 1.5x	8.4x

Notes to the Financial Statements (continued)

Year ended 31 March 2020

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 2020						
Gross financial liabilities	402,028	219,500	182,528	2.5%	5.6 years	4.9 years
At 31 March 2019						
Gross financial liabilities	337,625	187,500	150,125	2.9%	5.6 years	4.5 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 (£0.2 million), corporation tax losses (£4.9 million), capital allowances in excess of depreciation (£0.2 million) and capital losses (£1.6 million) in respect of the non-REIT taxable business have not been recognised as it is not considered probable that sufficient taxable profits will arise in the relevant taxable entity.

21. OBLIGATIONS UNDER LEASE LIABILITIES

	Minimum lease payments		Present value minimum of lease payments	
	2020 £000	2019 £000	2020 £000	2019 £000
Amounts payable under lease liabilities:				
Within one year	1,780	1,653	1,751	1,625
Within two to five years inclusive	7,122	6,612	6,266	5,796
Greater than five years	19,979	20,394	10,920	11,353
	28,881	28,659	18,937	18,774
Less: future finance charges	(9,944)	(9,885)		
Present value of lease liabilities	18,937	18,774		

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.

22. SHARE CAPITAL

	Called up, allotted and fully paid	
	2020 £000	2019 £000
Ordinary shares of 10 pence each	16,714	16,667
Movement in issued share capital		
Number of shares at 31 March 2018		158,570,574
Issue of shares – placing		7,204,301
Exercise of share options – Share option schemes		890,283
Number of shares at 31 March 2019		166,665,158
Exercise of share options – Share option schemes		473,369
Number of shares at 31 March 2020	167,138,527	

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

At 31 March 2020 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 2020	Number of ordinary shares 2019
11 July 2012	nil p **	11 July 2015	10 July 2022	–	5,359
19 July 2013	nil p **	19 July 2016	19 July 2023	–	7,059
29 July 2014	nil p**	29 July 2017	29 July 2024	830	2,400
21 July 2015	nil p**	21 July 2018	21 July 2025	19,879	47,135
14 March 2016	608.0p*	1 April 2019	1 October 2019	–	36,075
22 July 2016	nil p**	22 July 2019	21 July 2026	58,674	392,262
15 March 2017	580.0p*	1 April 2020	1 October 2020	46,900	51,086
2 August 2017	nil p**	2 August 2020	2 August 2027	382,490	401,847
13 March 2018	675.4p*	1 April 2021	1 October 2021	90,063	98,852
24 July 2018	nil p**	24 July 2021	24 July 2028	343,868	356,703
11 March 2019	749.9p*	1 April 2022	1 October 2022	50,884	56,836
19 July 2019	nil p **	19 July 2022	19 July 2029	366,985	–
2 March 2020	947.0p	1 April 2023	1 October 2023	52,725	–
				1,413,298	1,455,614

* 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 (2019: 1,122,907), and no shares are held in treasury.

Notes to the Financial Statements (continued)

Year ended 31 March 2020

23. SHARE-BASED PAYMENTS

The Company has three equity share-based payment arrangements, namely an LTIP scheme (with approved and unapproved components), an Employee Share Save Scheme ("SAYE") and a Deferred Bonus Plan. The Group recognised a total expense in the year related to equity-settled share-based payment transactions of £2,256,000 (2019: £2,345,000).

Equity-settled share option plans

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

On an annual basis since 2004 the Group awarded nil-paid options to senior management under the Group's Long Term Incentive Plan ("LTIP"). The awards are conditional on the achievement of challenging performance targets as described on page 86 of the Remuneration Report. The awards granted in 2004, 2005 and 2006 vested in full. The awards granted in 2007 and 2009 lapsed, and the awards granted in 2008 and 2010 partially vested. The awards granted in 2011, 2012, 2013, 2014, 2015 and 2016 fully vested. The weighted average share price at the date of exercise for options exercised in the year was £9.88 (2019: £9.10).

	2020 No. of options	2019 No. of options
LTIP scheme		
Outstanding at beginning of year	1,212,765	1,201,802
Granted during the year	457,058	410,340
Lapsed during the year	(62,097)	(27,504)
Exercised during the year	(435,000)	(371,873)
Outstanding at the end of the year	1,172,726	1,212,765
Exercisable at the end of the year	79,383	61,953

The weighted average fair value of options granted during the year was £1,499,000 (2019: £1,365,000).

Options outstanding at 31 March 2020 had a weighted average contractual life of 8.2 years (2019: 8.2 years).

	2020 No. of options	2020 Weighted average exercise price (£)	2019 No. of options	2019 Weighted average exercise price (£)
Employee Share Save Scheme ("SAYE")				
Outstanding at beginning of year	242,849	6.63	300,028	5.91
Granted during the year	52,725	9.47	56,836	7.50
Forfeited during the year	(16,633)	6.89	(19,724)	6.26
Exercised during the year	(38,369)	6.08	(94,291)	4.95
Outstanding at the end of the year	240,572	7.32	242,849	6.63
Exercisable at the end of the year	—	—	—	—

23. SHARE-BASED PAYMENTS (continued)

Options outstanding at 31 March 2020 had a weighted average contractual life of 1.9 years (2019: 2.1 years).

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

	LTIP	SAYE
Expected volatility	n/a	18%
Expected life	3 years	3 years
Risk-free rate	0.7%	0.7%
Expected dividends	4.0%	4.1%

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

Deferred bonus plan

The Executive Directors receive awards under the Deferred Performance 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 2020 the Group had £10.0 million of amounts contracted but not provided in respect of the Group's properties (2019: £13.4 million of capital commitments).

25. EVENTS AFTER THE BALANCE SHEET DATE

On 20 April 2020, the Group announced a placing of 8.3 million shares, which raised £79.9 million (net of expenses) to fund the acquisition of land to grow the business.

26. CASH FLOW NOTES**a) Reconciliation of profit after tax to cash generated from operations**

	Note	2020 £000	2019 £000
Profit after tax		92,576	126,500
Taxation		871	355
Share of profit of associates		(856)	(2,327)
Investment income		(114)	(167)
Finance costs		10,751	11,199
Operating profit		103,228	135,560
Gain on the revaluation of investment properties	14a, 15	(23,193)	(58,898)
Gain on disposal of investment property		(57)	–
Depreciation of plant, equipment and owner-occupied property	14b	677	712
Depreciation of lease liability capital obligations	14a	1,198	1,075
Employee share options	6	2,256	2,345
Cash generated from operations pre working capital movements		84,109	80,794
(Increase)/decrease in inventories		(130)	1
Decrease/(increase) in receivables		564	(1,874)
Increase in payables		531	3,991
Cash generated from operations		85,074	82,912

Notes to the Financial Statements (continued)

Year ended 31 March 2020

26. CASH FLOW NOTES (continued)

b) Reconciliation of net cash flow movement to net debt

	Note	2020 £000	2019 £000
Net increase in cash and cash equivalents in the year		33,516	11,049
Cash flow from increase in debt financing		(64,403)	(7,026)
Change in net debt resulting from cash flows		(30,887)	4,023
Movement in net debt in the year		(30,887)	4,023
Net debt at the start of the year		(319,723)	(323,746)
Net debt at the end of the year	18A	(350,610)	(319,723)

27. RELATED PARTY TRANSACTIONS

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

Transactions with Armadillo Storage Holding Company Limited

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

Transactions with Armadillo Storage Holding Company 2 Limited

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

	31 March 2020 £000	31 March 2019 £000
Fees earned from Armadillo 1	839	1,735
Fees earned from Armadillo 2	1,394	408
Balance due from Armadillo 1	51	124
Balance due from Armadillo 2	1,018	19

The balance due from Armadillo 2 includes the performance fee of £1 million.

The remuneration of the Executive and Non-Executive Directors, who are 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 82 to 89.

	31 March 2020 £000	31 March 2019 £000
Short term employee benefits	1,461	1,540
Post-employment benefits	132	118
Share-based payments	2,196	2,553
	3,789	4,211

AnyJunk Limited

James 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 £37,000 (2019: £33,000).

No other related party transactions took place during the years ended 31 March 2020 and 31 March 2019.

Company Balance Sheet

Year ended 31 March 2020

	Note	2020 £000	2019 £000
Non-current assets			
Plant, equipment and owner-occupied property	30a	1,875	1,776
Investment in subsidiary companies	30b	25,091	22,835
		26,966	24,611
Current assets			
Trade and other receivables	31	568,776	593,178
Derivative financial instruments		86	298
Cash and cash equivalents		1	1
		568,863	593,477
Total assets		595,829	618,088
Current liabilities			
Trade and other payables	32	(3,867)	(3,946)
Obligations under lease liabilities		(23)	–
		(3,890)	(3,946)
Non-current liabilities			
Obligations under lease liabilities		(123)	–
Bank borrowings		(213,708)	(182,173)
		(213,831)	(182,173)
Total liabilities		(217,721)	(186,119)
Net assets		378,108	431,969
Equity			
Share capital	22	16,714	16,667
Share premium account		112,320	111,514
Reserves	28	249,074	303,788
Equity shareholders' funds		378,108	431,969

The Company reported a loss for the financial year ended 31 March 2020 of £1.3 million (2019: profit of £98.5 million). The financial statements were approved by the Board of Directors and authorised for issue on 20 May 2020. They were signed on its behalf by:

James Gibson **John Trotman**
Director Director

Company Registration No. 03625199

The accompanying notes form part of the financial statements.

Company Statement of Changes in Equity

Year ended 31 March 2020

	Share capital £000	Share premium account £000	Other non-distributable reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total £000
At 1 April 2019	16,667	111,514	74,950	1,795	228,062	(1,019)	431,969
Total comprehensive loss for the year	–	–	–	–	(1,264)	–	(1,264)
Issue of share capital	47	806	–	–	–	–	853
Dividend	–	–	–	–	(55,706)	–	(55,706)
Credit to equity for equity-settled share based payments	–	–	–	–	2,256	–	2,256
At 31 March 2020	16,714	112,320	74,950	1,795	173,348	(1,019)	378,108

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 2019

	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 2018	15,857	46,362	74,950	1,795	179,289	(1,019)	317,234
Total comprehensive income for the year	–	–	–	–	98,486	–	98,486
Issue of share capital	810	65,152	–	–	–	–	65,962
Dividend	–	–	–	–	(52,058)	–	(52,058)
Credit to equity for equity-settled share based payments	–	–	–	–	2,345	–	2,345
At 31 March 2019	16,667	111,514	74,950	1,795	228,062	(1,019)	431,969

The accompanying notes form part of the financial statements.

28. 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 £1.3 million (2019: profit of £98.5 million).

29. BASIS OF ACCOUNTING

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been 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 International Financial Reporting Standards as adopted by the EU ("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.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- 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.

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.

The Company has adopted IFRS 16 Leases during the year. For details of the changes in accounting policies and the way the Group has adopted this standard, please see note 2 of the financial statements.

The Balance Sheet impact of recognising the additional lease liabilities and associated assets upon adoption of IFRS 16 at 1 April 2019 is shown below:

	1 April 2019 £000	31 March 2020 £000
Balance sheet caption		
Property plant and equipment (asset)	174	148
Obligations under leases (current)	26	23
Obligations under leases (non-current)	148	123

Notes to the Financial Statements (continued)

Year ended 31 March 2020

30. NON-CURRENT ASSETS

a) Plant, equipment and owner occupied property

	Freehold property £000	Leasehold improvements £000	Fixtures, fittings & office equipment £000	IFRS 16 leases £000	Total £000
Cost					
At 31 March 2019	2,203	64	66	–	2,333
Additions	–	–	5	–	5
Accounting policy change	–	–	–	174	174
At 31 March 2020	2,203	64	71	174	2,512
Accumulated depreciation					
At 31 March 2019	(492)	(22)	(43)	–	(557)
Charge for the year	(42)	(1)	(11)	(26)	(80)
At 31 March 2020	(534)	(23)	(54)	(26)	(637)
Net book value					
At 31 March 2020	1,669	41	17	148	1,875
At 31 March 2019	1,711	42	23	–	1,776

b) Investments in subsidiary companies

	Investment in subsidiary undertakings £000
Cost	
At 31 March 2019	22,835
Additions	2,256
At 31 March 2020	25,091

30. NON-CURRENT ASSETS (continued)**b) Investments in subsidiary companies** (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 2020 are listed below:

Name of subsidiary	Principal activity
.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 8 Limited	Self storage
Big Yellow Self Storage Company A Limited	Self storage
Big Yellow Self Storage Company M Limited	Self storage
Big Yellow (Wapping 2) Limited	Dormant
BYRCo Limited	Property management
BYSSCo A Limited	Dormant
BYSSCo Limited	Self storage
Kator Storage Limited	Self storage
The Last Mile Company Limited	Holding Company
Lock & Leave Limited	Self storage
Lock & Leave (Twickenham) Limited	Self storage

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

Audit exemption statement

For its most recent year end the companies listed below were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members of these companies have not required them to obtain an audit of their financial statements for the year ended 31 March 2020.

.Big Yellow Self Storage (GP) Limited	Big Yellow Self Storage Company 8 Limited
The Big Yellow Construction Company Limited	Big Yellow (Wapping 2) Limited
Big Yellow Holding Company Limited	BYRCo Limited
Big Yellow Nominee No. 1 Limited	BYSSCo Limited
Big Yellow Nominee No. 2 Limited	BYSSCo A Limited
Big Yellow Self Storage Company 1 Limited	Kator Storage Limited
Big Yellow Self Storage Company 2 Limited	The Last Mile Company Limited
Big Yellow Self Storage Company 3 Limited	Lock & Leave Limited
Big Yellow Self Storage Company 4 Limited	Lock & Leave (Twickenham) Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2020

31. TRADE AND OTHER RECEIVABLES

	31 March 2020 £000	31 March 2019 £000
Amounts owed by Group undertakings	568,636	593,077
Prepayments and accrued income	140	101
	568,776	593,178

Amounts owed by Group undertakings are unsecured and are repayable on demand. The Company recharges its external interest cost to its subsidiaries. Amounts owed by Group undertakings have historically had immaterial levels of bad debt and consequently the Company has not recognised any impairment provision against them.

32. TRADE AND OTHER PAYABLES

	31 March 2020 £000	31 March 2019 £000
Current (all due within one year)		
Other payables	3,774	3,667
Accruals and deferred income	93	279
	3,867	3,946

33. GLOSSARY

Adjusted earnings growth	The increase in adjusted eps year-on-year.
Adjusted eps	Adjusted profit after tax divided by the diluted weighted average number of shares in issue during the financial year.
Adjusted NAV	EPRA NAV adjusted for an investment property valuation carried out at purchasers' costs of 2.75%, see note 13.
Adjusted Profit Before Tax	The Company's pre-tax EPRA earnings measure with additional Company adjustments, see note 10.
Average net achieved rent per sq ft	Storage revenue divided by average occupied space over the financial year.
Average rental growth	The growth in average net achieved rent per sq ft year-on-year.
BREEAM	An environmental rating assessed under the Building Research Establishment's Environmental Assessment Method.
Carbon intensity	Carbon emissions divided by the Group's average occupied space.
Closing net rent per sq ft	Annual storage revenue generated from in-place customers divided by occupied space at the balance sheet date.
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.

33. GLOSSARY (continued)

EPRA earnings per share	EPRA earnings divided by the average number of shares in issue during the financial year, see note 13.
EPRA NAV per share	EPRA NAV divided by the diluted number of shares at the year end.
EPRA net asset value	IFRS net assets excluding the mark-to-market on interest rate derivatives effective cash flow as deferred taxation on property valuations where it arises. It is adjusted for the dilutive impact of share options.
EPRA NNNAV	The EPRA NAV adjusted to reflect the fair value of debt and derivatives and to include deferred taxation on revaluations.
Equity	All capital and reserves of the Group attributable to equity holders of the Company.
Gross property assets	The sum of investment property and investment property under construction.
Gross value added	The measure of the value of goods and services produced in an area, industry or sector of an economy.
Interest cover	The ratio of operating cash flow divided by interest paid (before exceptional finance costs, capitalised interest and changes in fair value of interest rate derivatives). This metric is provided to give readers a clear view of the Group's financial position.
Like-for-like occupancy	Excludes the closing occupancy of new stores acquired, opened or closed in the current financial year in both the current financial year and comparative figures. In 2020 this excludes Manchester which opened in May 2019.
Like-for-like revenue	Excludes the impact of new stores acquired, opened or stores closed in the current or preceding financial year in both the current year and comparative figures. This excludes Battersea (closed for redevelopment in March 2019), Wapping (opened July 2018) and Manchester (opened May 2019).
LTV (loan to value)	Net debt expressed as a percentage of the external valuation of the Group's investment properties.
Maximum lettable area (MLA)	The total square foot (sq ft) available to rent to customers.
Move-ins	The number of customers taking a storage room in the defined period.
Move-outs	The number of customers vacating a storage room in the defined period.
NAV	Net asset value.
Net debt	Gross borrowings less cash and cash equivalents.
Net initial yield	The forthcoming year's net operating income expressed as a percentage of capital value, after adding notional purchaser's costs.
Net 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 of its move-ins and move-outs.
Net rent per sq ft	Storage revenue generated from in place customers divided by occupancy.
Occupancy	The space occupied by customers divided by the MLA expressed as a %.
Occupied space	The space occupied by customers in sq ft.
Other storage related income	Packing materials, insurance and other storage related fees.
Pipeline	The Group's development sites.
Property Income Distribution (PID)	A dividend, generally subject to withholding tax, that a UK REIT is required to pay from its tax exempt property rental business and which is taxable for UK-resident shareholders at their marginal tax rate.
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.

Ten Year Summary

Year ended 31 March 2020

Results	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Revenue	129,313	125,414	116,660	109,070	101,382	84,276	72,196	69,671	65,663	61,885
Operating profit before gains and losses on property assets	79,978	76,662	70,921	65,316	59,854	48,420	39,537	37,454	35,079	32,058
Cash flow from operating activities	73,615	72,173	62,977	55,974	55,467	42,397	32,752	30,186	27,388	23,534
Profit/(loss) before taxation	93,447	126,855	134,139	99,783	112,246	105,236	59,848	31,876	(35,551)	6,901
Adjusted profit before taxation	70,998	67,465	61,422	54,641	48,952	39,405	29,221	25,471	23,643	20,207
Net assets	1,163,876	1,123,897	981,148	890,350	829,387	750,914	594,064	552,628	494,500	544,949
Diluted EPRA earnings per share	42.1p	41.4p	38.5p	34.5p	31.1p	27.1p	20.5p	19.3p	18.2p	15.5p
Declared total dividend per share	33.8p	33.2p	30.8p	27.6p	24.9p	21.7p	16.4p	11.0p	10.0p	9.0p
Key statistics										
Number of stores open	75	74	74	73	71	69	66	66	65	62
Sq ft occupied (000)	3,781	3,810	3,730	3,551	3,363	3,178	2,832	2,632	2,458	2,130
Occupancy (decrease)/ increase in year 000 sq ft)*	(29)	80	179	188	185	346	200	174	328	215
Number of customers	56,500	56,000	55,000	52,500	50,000	47,250	41,800	38,500	36,300	32,800
Average number of employees during the year	361	347	335	329	318	300	289	286	279	273

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

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