Big Yellow Group PLC

Annual Report & Accounts 2019

BUILDING FUTURES

THE BIG YELLOW SELF STORAGE COMPANY

Get some space in your life.™

Contents

Britain's favourite self storage company

THE SUNDAY TIMES 100 BEST COMPANIES TO WORK FOR 2019

BUILDING FUTURES

We are building futures and striving to deliver long-term sustainable growth.

We are building futures by:

- Investing in our pipeline p4
- Developing our unique offering p6
- Empowering our people p8
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WE ARE BRITAIN'S FAVOURITE SELF STORAGE COMPANY

We are Britain's brand leader in self storage driven by our consistent and modern stores which are in high profile locations across the country.

Big Yellow operates from a platform of 99 stores, including 24 stores branded as Armadillo Self Storage, in which the Group has a 20% interest. We own a further 12 Big Yellow self storage development sites of which three have planning consent. The current maximum lettable area of the existing platform (including Armadillo) is 5.7 million sq ft. When fully built out the portfolio will provide approximately 6.5 million sq ft of flexible storage space. Of the Big Yellow stores and sites, 97% by value are held freehold and long leasehold, with the remaining 3% short leasehold.

Our unwavering desire to provide our customers with the best service has also contributed to making us the strongest self storage brand.

BIG YELLOW AT A GLAN

We have delivered another year of growth, with revenue up 7% and adjusted profit before tax up 10% year-on-year.

Looking ahead, we remain focussed on our core objective of increasing occupancy to 90%, which in turn should drive traction on pricing and further rate growth. We have a proven strategy and remain confident about the long-term prospects for the Group.

Financial metrics	Year ended 31 March 2019	Year ended 31 March 2018	Growth
Revenue	**£125.4m**	£116.7m	7%
Like-for-like revenue[1]	**£123.2m**	£114.9m	7%
Store EBITDA[1]	**£84.1m**	£79.5m	6%
Adjusted profit before tax[1]	**£67.5m**	£61.4m	10%
EPRA earnings per share[1]	**41.4p**	38.5p	8%
Dividend – final	**16.5p**	15.5p	6%
– total	**33.2p**	30.8p	8%
Statutory metrics			
Profit before tax	**£126.9m**	£134.1m	(5%)
Cash flow from operating activities (after net finance costs)	**£71.8m**	£63.0m	14%
Basic earnings per share	**78.3p**	85.0p	(8%)
Store metrics			
Occupancy growth[1]	**80,000 sq ft**	179,000 sq ft	(99,000 sq ft)
Closing occupancy[1]	**82.4%**	80.5%	1.9 ppts
Occupancy – like-for-like stores (%)[1]	**82.7%**	80.5%	2.2 ppts
Average net achieved rent per sq ft[1]	**£27.14**	£26.37	2.9%
Closing net rent per sq ft[1]	**£27.28**	£26.74	2.0%

(1) See note 33 for glossary of terms

CE

Highlights for the year

- Occupancy and rate growth driving 7% revenue increase
- Average rate up 2.9% year-on-year. Like-for-like closing store occupancy 82.7% (2018: 80.5%)
- Cash flow from operating activities (after net finance costs) increased by 14% to £71.8 million
- Adjusted profit before tax up 10% to £67.5 million
- 8% increase in total dividend to 33.2 pence per share
- Acquisition of 7 new development sites in London and the South East taking the pipeline to 12 sites totalling approximately 820,000 sq ft (18% of current MLA)
- Acquisition of freehold of 81,000 sq ft New Malden store
- Placing of 7.2 million shares in September 2018 raising £65.3 million (net of expenses) to fund development of new stores

+2.2ppts
Like-for-like occupancy growth

+2.9%
Average net rent per sq ft

+7%
Revenue

+14%
Cash flow from operating activities (after net finance costs)

+10%
Adjusted profit before tax

+8%
EPRA earnings per share

BUILDING
FUTURES
BY...

Camberwell

Planning consent was granted in April 2018 for our 77,000 sq ft Camberwell store. Construction started in November 2018 with the store opening in Spring 2020. The store will include 7,000 sq ft of flexi-offices.

77,000 sq ft

INVESTING IN OUR PIPE

We are pleased to report the acquisition of seven high quality development sites since March 2018.

Five of the sites were in London: in Uxbridge (West London), Queensbury (North West London), Hayes (West London), Wembley (North West London), and North Kingston (South West London). The remaining two were in Slough (just outside the M25, west of London) and Hove (west of Brighton).

Big Yellow now has a pipeline comprising 12 development sites with a cost to complete of approximately £106 million. These store openings are expected to add approximately 820,000 sq ft of storage space to the portfolio, an increase of 18% 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 £19 million per annum. The total development cost including cost incurred to date is estimated to be approximately £213 million implying an 8.9% net operating income return on cost.

2020

Battersea
Planning granted for redevelopment of original 34,000 sq ft store and of adjoining retail into a mixed use residential led scheme. Demolition has started on the Big Yellow storage facility with construction to commence in July 2019 with a view to the store re-opening in Summer 2020.

70,000 to 75,000 sq ft

LINE

2020

Bracknell
We acquired a site in Bracknell in February 2018. Planning consent was granted in January 2019 for self storage and other trade uses. Construction will commence in August 2019 with a view to the store opening in Summer 2020.

57,000 sq ft

BUILDING
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BY...

Growing with our business customers
Big Yellow helps UK businesses store smarter with our flexible storage space and range of useful business services. There are no complicated leases to sign and no business rates to pay.

DEVELOPING OUR UNIQU

People need storage for many different reasons.

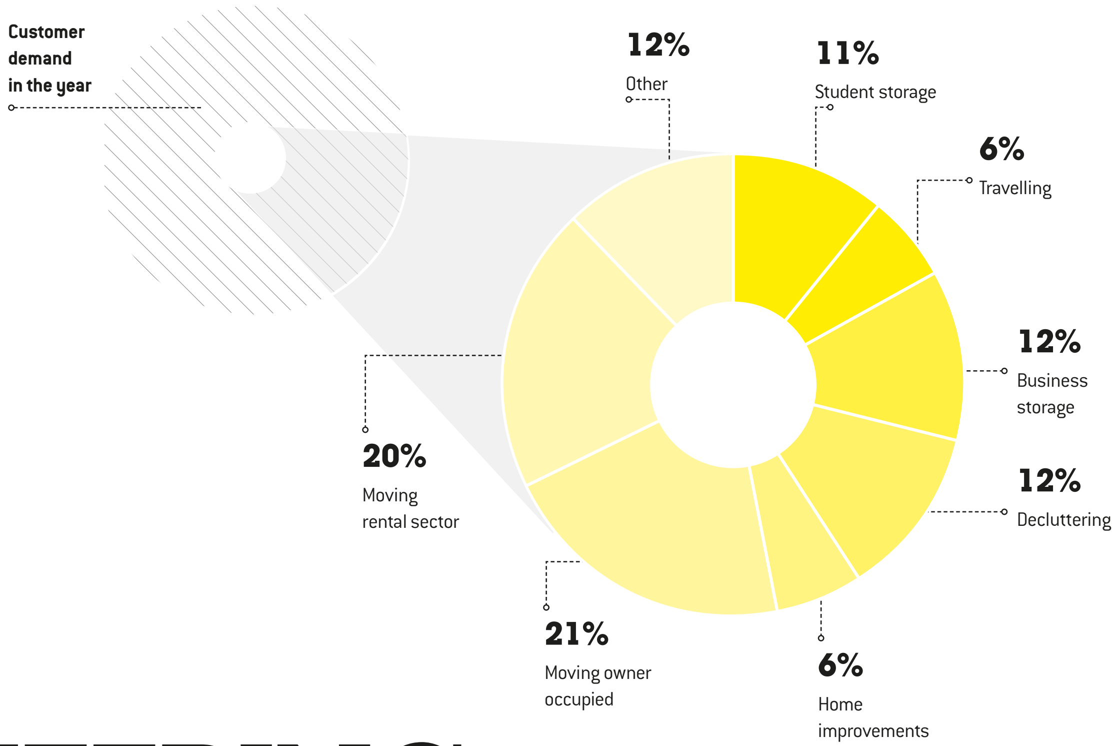
House movers and renters need us to help things go smoothly when they are in between properties. As possessions fill space-constrained homes, people use us as a spare room to help them declutter. Life itself often creates a need for more space; student life, marriage, starting a family, home improvements, divorce and dealing with death and inheritance are all key reasons why people choose us.

Businesses use us too, for stock, archiving or as a distribution hub. E-tailers, retailers, hospitality companies, engineering firms (to name a few) enjoy the flexibility of increasing or decreasing their storage space as required, our extended hours access and our service of accepting business deliveries for our customers when they are not around. With no business rates to pay, no long term lease commitments and with our range of business services we are the smarter choice for Britain's businesses.

Understanding our customers
We understand people are often going through stressful times when they need storage. We empathise and go out of our way to make the process as smooth and as hassle free as possible.

Demand for self storage comes from a number of different areas

People use storage for many different reasons. They choose Big Yellow for our unrivalled customer service, our security, our convenient locations and our modern stores.



E OFFERING

The things that set us apart

- The UK's most recognisable brand in self storage
- Prominent stores along main roads, with high visibility and bright yellow frontages, meaning we can't be missed
- Continuous innovation and investment into our mobile and desktop digital channels
- Excellent customer service reflected by our strong customer satisfaction and NPS scores
- Primarily freehold sites, concentrated in London, the South East and other large metropolitan cities
- Largest Maximum Lettable Area ("MLA") capacity of any UK self storage company (Big Yellow and Armadillo combined)
- Larger average store capacity – economies of scale and high operating margins
- Secure financing structure with strong balance sheet

BUILDING
FUTURES
BY...

Our people have an unwavering customer focus

At Big Yellow we understand stressful key life moments, like moving home or a DIY project, can all lead to a need for storage. At Big Yellow our people help take the stress away, working hard to understand our customers' requirements and give the best customer service possible.

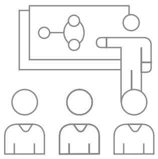
EMPOWERING OUR PEO

Providing the best possible customer service is at the heart of our business and we are here to make our customers' lives easier as they go through stressful life events.

By recruiting on personality, our staff are naturally empathetic, providing the very highest levels of customer service. We can teach them the skills required for the day-to-day but the supportive nature of our brand is embodied by our people and their personalities.

We measure customer service standards through a programme of mystery shopping and customer feedback surveys. Over the past year we have achieved a net promoter score of over 79.

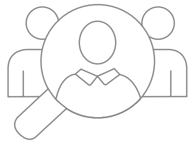
Our customer feedback is testament to this, showing extremely high levels of satisfaction. We have over 1,300 TrustPilot reviews rated as "Excellent", scoring 5 out of 5 stars. Our customers have generated over 5,400 Google reviews with an average rating of 4.6 out of 5.



Personal development
We invest significantly in the training and development of our people.

Our people are our brand.

Real time feedback
Highly rated customer reviews and mystery shopping help maintain our standards to provide the very best in customer service.



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

PLE

Five star service
All of our people share a passion for delivering the service our customers deserve, helping them get through stressful life changes such as moving home.

Our people are key to our success

We run extensive training programmes to develop and nurture our people.

25

Store team members promoted in the year.

BUILDING
FUTURES
BY...

The Big Yellow Foundation

We know that life sometimes can box people in. The Big Yellow Foundation helps vulnerable people find space to grow. A total of £160,000 was raised in 2018/19 through customer donations, Big Yellow matching those donations and employee fundraising.

THE BIG YELLOW FOUNDATION

HELPING VULNERABLE PEOPLE LEAD BRIGHTER LIVES

BEING A RESPON

We operate responsibly and sustainably.

Big Yellow is committed to responsible and sustainable business practices; we recognise 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.

Our five key stakeholder groups are: the environment, customers, suppliers, employees and the communities we operate in.

Our Big Yellow Foundation helps support six charities who work with vulnerable people to help them get back into work so they can lead brighter lives. These groups include ex-offenders, veterans, refugees and individuals with physical or learning disabilities.

Helping communities lead brighter lives

Through our Foundation, by donating free space to 170 local charities, such as London's Air Ambulance Charity, and by asking our supply chain to work with social enterprises, we are pursuing a long-term commitment to helping the communities we operate in.

THE SUNDAY TIMES 100 BEST COMPANIES TO WORK FOR 2019

Best Companies

Sunday Times 100 Best Companies to Work For 2019

£602,000
Donated

Community Support
Donated £602,000 of free space to 170 local charities and organisations

21
Stores with Solar PV installations

Solar Energy
We now have 21 stores with Solar PV installations (up from 18)

4.2%
renewable energy used this year

Renewables
Our percentage of energy use from renewable sources has increased from 3.5% to 4.2% this year

SIBLE

PARTNER

1,500 kg

Single-Use Plastics
We have removed 1,500kg worth of single-use plastic packaging

60%
Reduction

Emission Reductions
We have reduced our scope 1 & 2 emissions by nearly 60% since 2011

BounceBack
BounceBack is one of the six charities supported by the Big Yellow Foundation and helps ex-offenders train and find work within the construction industry.

The six charities supported by the Big Yellow Foundation

bounce back. | Breaking Barriers | St Giles Trust | Hire a Hero | Down's Syndrome Association | back up

BUILDING
FUTURES
BY...

EXPANDING OUR NETWORK

We have an extensive national network with 75 Big Yellow stores, and 24 Armadillo stores. We have grown our pipeline and now have a further 12 sites to develop into future Big Yellow stores.

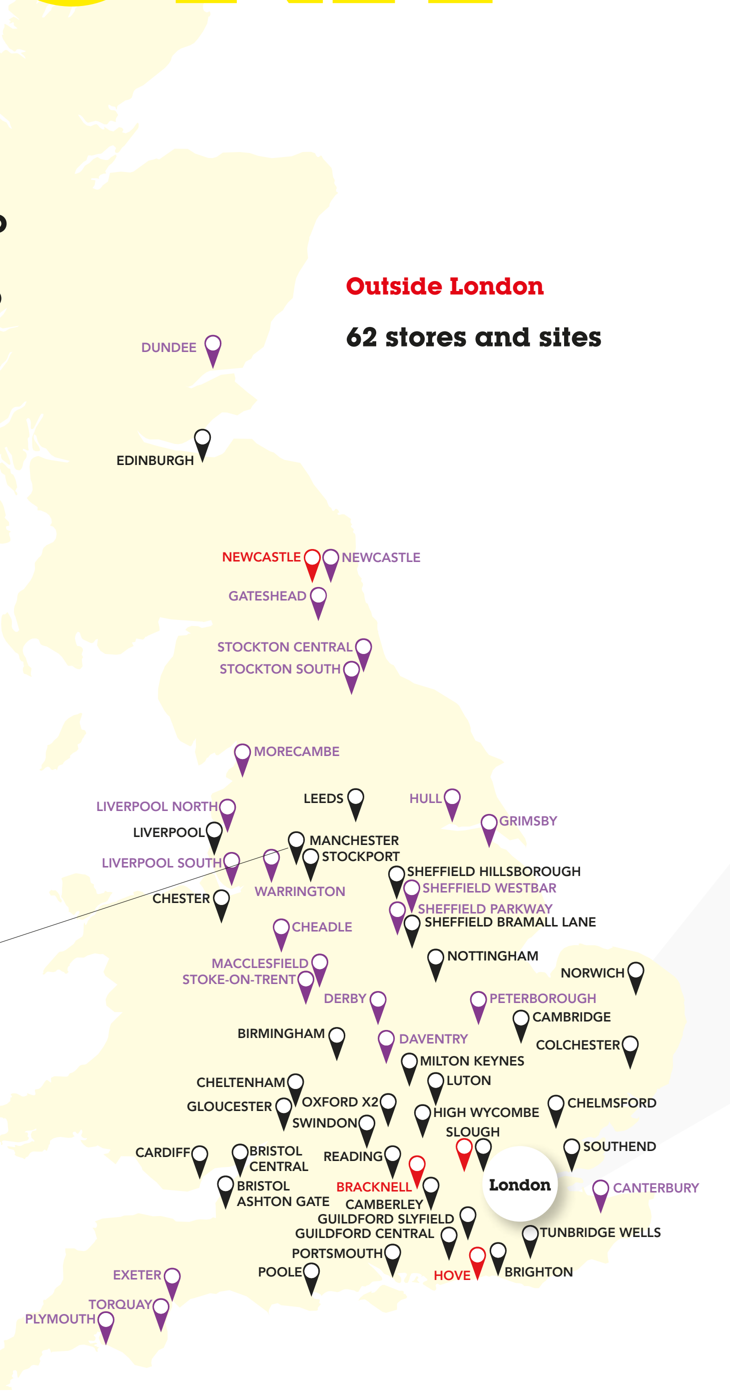
The current maximum lettable area of the existing platform (including Armadillo) is 5.7 million sq ft. When fully built out the portfolio will provide approximately 6.5 million sq ft of flexible storage space. Of the Big Yellow stores and sites, 97% by value are held freehold and long leasehold, with the remaining 3% short leasehold.

Since April 2018 we have opened an extension to our Wandsworth store, and opened new stores in Wapping and Manchester.

Armadillo has recently acquired stores in Daventry and Grimsby. The Group manages the Armadillo stores and has a 20% interest in them.

Outside London

62 stores and sites



Manchester
Store opened May 2019

Total net storage:
60,000 sq ft

London

49 stores and sites

Hayes
Site acquired April 2019
Subject to planning

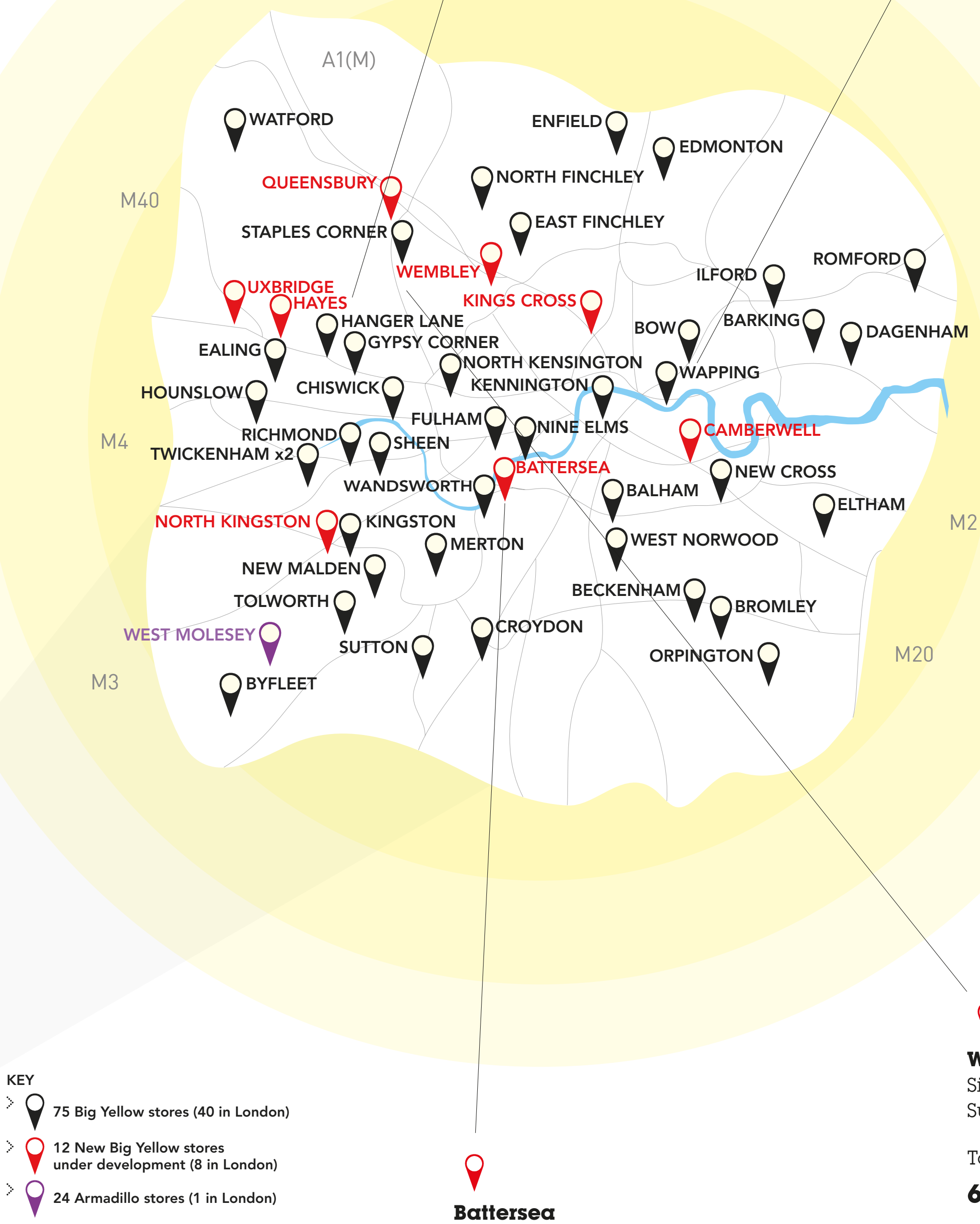
Total net storage:

70,000 to 75,000 sq ft

Wapping
Store opened July 2018

Total net storage:

Initially 25,000 sq ft



Wembley
Site acquired February 2019
Subject to planning

Total net storage:

65,000 to 70,000 sq ft

Battersea
Demolition of existing store in progress
Store re-opening Summer 2020

Total net storage:

70,000 to 75,000 sq ft

Chairman's Statement

This has been another year of revenue, cash flow and adjusted earnings growth, driven by a combination of improvements in occupancy and rate.

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 2019.

This has been another year of revenue, cash flow and adjusted earnings growth, driven by a combination of improvements in occupancy and rate. Following our seasonally weaker third quarter, we continued to grow occupancy in the final quarter, but this growth was more muted than in recent years, with prospect numbers and move-ins slightly lower year-on-year. This in someways was not surprising given the heightened uncertainty in the run up to 29 March, the UK's original proposed exit date from the EU, which has now been delayed until 31 October. Since the year end our book of reservations has grown to similar levels seen last year and we anticipate further growth in occupancy over our seasonally stronger summer period.

Like-for-like closing Group occupancy is up 2.2 percentage points to 82.7% compared to 80.5% at 31 March 2018. Average rental growth was up 2.9% year-on-year compared to 0.8% last year. Although our closing occupancy was at the lower end of our expectations at the start of the year, we delivered better than anticipated rate growth.

We expect to see occupancy growth over our seasonally stronger summer trading period, providing there are no significant external shocks, and we should peak at over 85%. The key risk to our business is supply, and this remains constrained, particularly in London and the South East, with four store openings in the year offset by three store closures. We remain focussed on our core objective of 90% occupancy across the portfolio, and as we further reduce vacant capacity, our pricing model will continue to deliver improved rental growth.

Financial results

Revenue for the year was £125.4 million (2018: £116.7 million), an increase of 7%. Like-for-like revenue growth (see note 33) was 7%.

Operating cash flow increased by £8.8 million (14%) to £71.8 million for the year (2018: £63.0 million). During the year we spent £83.0 million on growth capital expenditure, compared to £42.0 million in 2018. The Group's operating profit before property revaluations increased by £5.7 million (8%) to £76.7 million. The Group's statutory profit before tax was £126.9 million, a decrease of 5% from £134.1 million in the prior year with the increase in operating profit offset by a slightly 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 10% in the adjusted profit before tax in the year of £67.5 million (2018: £61.4 million). Adjusted earnings per share increased by 8% to 41.4p (2018: 38.5p) with an equivalent 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.

The Group has net debt of £319.7 million at 31 March 2019 (2018: £323.7 million). This represents approximately 22% (2018: 25%) of the Group's gross property assets totalling £1,445.5 million (2018: £1,303.3 million) and 26% (2018: 31%) of the adjusted net assets of £1,209.8 million (2018: £1,059.1 million). The Group's interest cover for the year, expressed as the ratio of cash generated from operations against interest paid was 8.2 times (2018: 7.6 times). This is comfortably ahead of our internal minimum interest cover of 5 times.

Investment in new capacity

In September, the Group issued 7.2 million shares (4.5% of the issued share capital prior to the placing) at a price of 930 pence per share, raising £65.3 million (net of expenses). The proceeds are being used to acquire new development sites in attractive locations that will allow the Company to continue to deliver a contribution to earnings from external growth whilst maintaining a strong capital structure.

We are therefore pleased to report progress in this regard with the acquisition of seven high quality development sites since March 2018. Five of the sites were in London, in Uxbridge (West London), Queensbury (North West London), Hayes (West London), Wembley (North West London), and North Kingston (South West London). The remaining two were in Slough (just outside the M25, west of London) and Hove (west of Brighton).

The 25,000 sq ft extension to our Wandsworth store completed in May 2018, we opened a 25,000 sq ft store in Wapping in July 2018, and in May 2019 we opened our 60,000 sq ft store on Water Street, central Manchester.

We have commenced construction of our Camberwell store which we anticipate will open in Spring 2020. We also received planning consent for our Battersea scheme which will provide a new 72,000 sq ft net Big Yellow store, 168 flats and 18,500 sq ft of offices, retail and artists' studios. Our existing 34,000 sq ft Battersea store was closed in March 2019 for demolition, and we anticipate the new store will re-open in Summer 2020. The 57,000 sq ft proposed store at Bracknell received planning consent in January 2019, and we hope to be on site shortly, with a view to opening in Summer 2020.

After lengthy consultations, we submitted a planning application on our Kings Cross development in July 2018, which is now the subject of an appeal due to be determined this summer. 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 12 development sites with a cost to complete of approximately £109 million. These store openings are expected to add approximately 820,000 sq ft of storage space to the portfolio, an increase of 18% 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 £19 million per annum. The total development cost including cost incurred to date is estimated to be approximately £212 million implying a 9.0% net operating income return on cost.

During the year, the Group acquired the Wyvern Industrial Estate in New Malden, London for £28 million excluding purchaser's costs. Big Yellow occupies approximately half of the estate, with an 81,000 sq ft net lettable area store, on an occupational lease which expired in 2026. The acquisition removed two material risks; there was no certainty that the lease would have been renewed at its expiry, and the liability of future rent increases on this property could have been significant given its prime location in London. We intend to sell the remainder of the estate in due course.

We continue to look for land and existing storage centres in large urban conurbations, focussing as previously stated on London and the South East. Should the current uncertainties throw up new opportunities, we will continue as we have been to pursue them aggressively. However, developing stores in these target areas remains challenging given the competition for land and the pressure to produce more housing.

Dividends

The Group's dividend policy is to distribute 80% of full year adjusted earnings per share. The final dividend declared is 16.5 pence per share. The dividend declared for the year of 33.2 pence per share represents an increase of 8% from 30.8 pence per share last year.

Our people

We continue to 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 Big Yellow. An increasingly important aspect of this is social responsibility, particularly as it relates to local communities around our stores. This has been the first full year of operation of The Big Yellow Foundation, supporting six charities which focus on the rehabilitation of vulnerable adults into work. I am delighted that in its first year we have succeeded in raising some £160,000, with the strong support and help of our employees.

In February 2019, we were named as one of the Sunday Times 100 Best Companies to Work For, which is a pleasing testament to the culture of the business given that it is based entirely on the views of our employees.

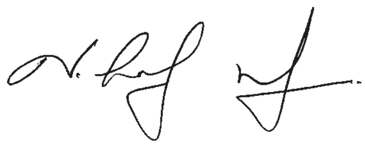
In addition, we focus on customer service and engagement, measuring and responding to their feedback. Our customer net promoter scores ("NPS") were an average of 79.1 over the year (2018: 80.1). Although marginally lower than last year, NPS scores at these levels are highly unusual and reflect our efforts to deliver excellent and consistent customer service.

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

Outlook

It has taken us time to build a sustainable pipeline of new stores. That is now accomplished and will provide a steady increase in capacity over the next few years. We will continue to add to this as sites become available but the supply of appropriate property is limited. These new stores will make a significant contribution to future revenue growth, enhancing the performance we anticipate being generated by the existing operating platform.

Looking ahead, we remain focussed on our core objective of increasing occupancy to 90%, which in turn should drive traction on pricing and further rate growth. We have a proven strategy and remain confident about the long-term prospects for the Group.



Nicholas Vetch
Executive Chairman
20 May 2019

Our Investment Case

Annual compound adjusted eps growth of 15% since 2004/5.

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

OUR VALUES

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

Customer focussed
We put the customer at the heart of our business.

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

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

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

HOW WE DO IT

1 Attractive market dynamics

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

2 Our competitive advantage

- UK industry's most recognised brand with 90% of enquiries now online
- Prominent stores on arterial or main roads, with extensive frontage and high visibility
- Continuous innovation and investment into our mobile and desktop digital channels
- Strong customer satisfaction and NPS scores reflecting excellent customer service
- 5.7 million sq ft UK footprint (Big Yellow and Armadillo combined)
- Primarily freehold estate concentrated in London and South East and other large metropolitan cities
- Larger average store capacity – economies of scale, higher operating margins
- Secure financing structure with strong balance sheet

3 Evergreen income streams

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

4 Strong growth opportunities

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

5 Conversion into quality returns

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

Strategic Report (continued)

Our Strategy

Building futures

A strategy to deliver sustainable earnings growth and shareholder value.

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

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

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

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

66% of our current annualised store revenue derives from within the M25; for London and the South East, the proportion of current annualised store revenue is 83%. Any future external growth will be executed in a way so as to maintain a proportion of 80% or more in London and the South East with the balance in regional cities.

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

The self storage market

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

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

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

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

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

KPIs

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

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

Our non-financial KPIs are the net promoter scores we receive from our customers and the carbon intensity of the Group's business. The Group's net promoter score received from its customers during the year was 79.1. This has increased by 19% over the past five years. We believe this overall score compares very favourably with other consumer facing businesses.

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

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

Our strategic objectives

1. LEVERAGING OUR POSITION

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

2. STRENGTHENING OUR CUSTOMER RELATIONSHIPS

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

3. GROWING OCCUPANCY

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

4. FOCUS ON COST CONTROL

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

5. 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

6. ACQUIRING ARMADILLO ASSETS

Selectively acquiring existing self storage assets into the Armadillo platform

7. A SUSTAINABLE BUSINESS

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

8. A CONSERVATIVE CAPITAL STRUCTURE

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

9. PRODUCING SUSTAINABLE RETURNS

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

Strategic Report (continued)

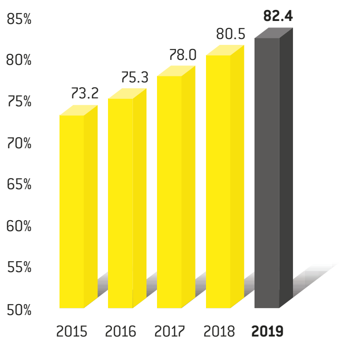
Our Key Performance Indicators

A strong track record

Occupancy (%)

+1.9ppts

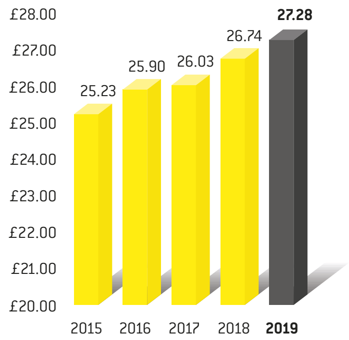
+9.2ppts over 5 years



Closing net rent per sq ft (£)

+2.0%

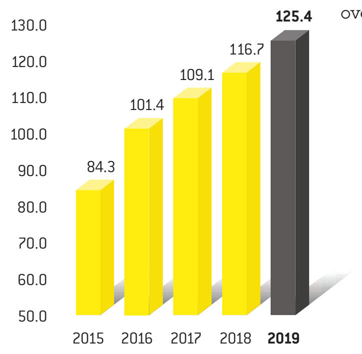
+8.1 over 5 years



Revenue (£m)

+7%

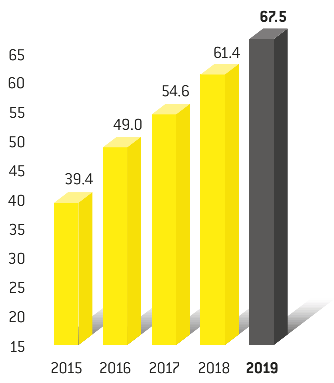
+49% over 5 years



Adjusted profit before tax (£m)

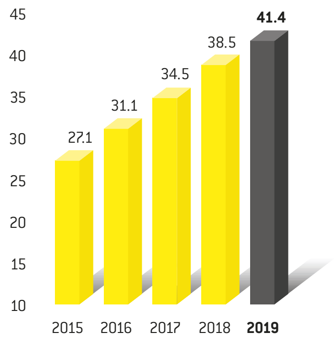
+10%

+71% over 5 years



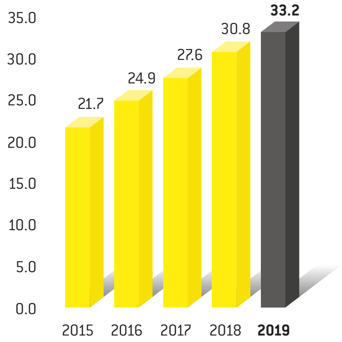
Adjusted earnings per share (pence) **+8%**

+53%
over 5 years



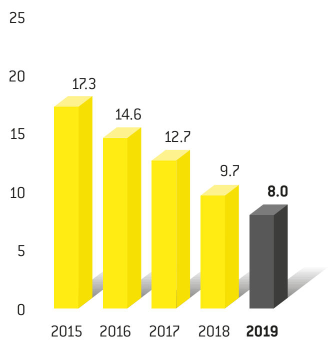
Dividend per share (pence) **+8%**

+53%
over 5 years



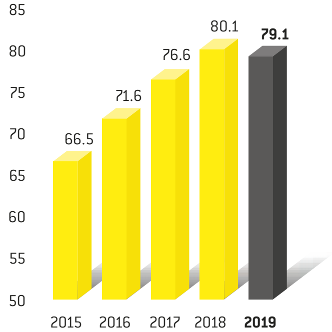
Carbon intensity (per sq m occupied) **(18%)**

(54%)
over 5 years



Net Promoter Score **(1%)**

+19%
over 5 years



Strategic Report (continued)

The self storage market

A growing marketplace

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

The strongest brand

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

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

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

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

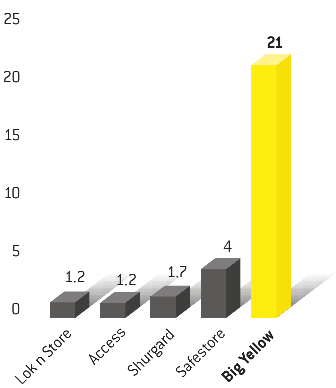
Big Yellow YouGov survey of 1,008 respondents in London and 3,806 for the rest of the UK.

Britain's favourite self storage company

Room to grow

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

Unprompted awareness for the whole UK (%)



from the SSA's (Self Storage Association) You Gov Survey 2019

Growth in business use

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

Not a commoditised product

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

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

OPERATIONAL AND MARKETING REVIEW

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

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

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

Strategic Report (continued)

Operational and Marketing Review (continued)

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

Overview

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

Operations

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

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

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

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

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

Demand

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

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

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

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

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

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

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

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

Marketing and ecommerce

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

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

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

48%

Unprompted brand awareness in London

Strategic Report (continued)

Operational and Marketing Review (continued)

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

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

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

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

Online customer reviews

Consistent with our strategy of putting the customer at the heart of our business, our online customer reviews generate real-time feedback from customers as well as providing positive word of mouth referral to our web visitors. Through our 'Big Impressions' customer feedback programme, we ask our new customers to rate our service. With the users' permission, we then publish these independent reviews on the Big Yellow website. There are currently over 28,000 of these customer reviews published averaging 4.8 out of 5.

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

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

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

Driving online traffic

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

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

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

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

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

Social media

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

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

PR

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

Budget

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

Cyber security

The Group receives specialist advice and consultancy in respect of cyber security and we have dedicated in-house monitoring. We continue to invest in and review our security systems and we limit the retention of customer data to the minimum requirement. We carry out frequent penetration testing of internet facing systems, use components such as anti-ransomware as well maintaining and replacing components (such as firewalls) with the latest technology and specification. Policies and procedures are under regular review and benchmarked against industry best practice by our consultants. These policies also include defend, detect and response policies. We aligned our policies and procedures to ensure our ongoing compliance with the new EU General Data Protection Regulation ("GDPR") which came into effect in May 2018.

Strategic Report (continued)

Portfolio Summary – Big Yellow Stores

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

Deemed cost	**£000**	**£000**	**£000**	**£000**
To 31 March 2019	**585.5**	**46.8**	**41.7**	**674.0**
Capex to complete	**–**	**–**	**0.5**	**0.5**
Total	**585.5**	**46.8**	**42.2**	**674.5**

(1) The mature stores have been open for more than six years at 1 April 2018. The established stores have been open for between three and six years at 1 April 2018 and the developing stores have been open for fewer than three years at 1 April 2018. The Group's mature Battersea store was closed for redevelopment in the year. It is excluded from occupancy, but its revenue and costs up to the date of closure are included in the above.
(2) See glossary in note 33.
(3) Insurance, packing materials and other storage related fees.
(4) Rent for six mature short leasehold properties accounted for as investment properties and finance leases under IFRS with total self storage capacity of 339,000 sq ft, and a long leasehold lease-up store with a capacity of 64,000 sq ft. The EBITDA margin for the 62 freehold mature stores is 71%, and 52% for the six leasehold mature stores. During the year the Group acquired the freehold of its mature New Malden store.
(5) The table below reconciles Store EBITDA to gross profit in the statement of comprehensive income.

	Year ended 31 March 2019 £000			Year ended 31 March 2018 £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)]	**121,710**	**3,704**	**125,414**	114,735	1,925	116,660
Cost of sales[(7)]	**(35,628)**	**(2,517)**	**(38,145)**	(33,159)	(2,515)	(35,674)
Rent[(8)]	**(1,990)**	**1,990**	**–**	(2,101)	2,101	–
	84,092	**3,177**	**87,269**	79,475	1,511	80,986

(6) See note 3 of the financial statements, reconciling items are management fees and non-storage income.
(7) See reconciliation in cost of sales section in Financial Review on page 38.
(8) The rent shown above is the cost associated with leasehold stores, only part of which is recognised within gross profit in line with finance lease accounting principles. The amount included in gross profit is shown in the reconciling items in cost of sales.

OUR STORES

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

Manchester, May 2019
MLA - 60,000 sq ft

Wapping, July 2018
MLA - 25,000 sq ft

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

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

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

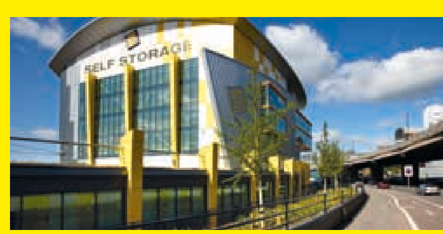
Cambridge, January 2016
MLA - 60,000 sq ft

Enfield, April 2015
MLA - 60,000 sq ft

Chester, February 2015
MLA - 69,000 sq ft

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

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



Chiswick, April 2012
MLA - 75,000 sq ft

Our Stores (continued)

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

Byfleet, November 2003
MLA - 48,000 sq ft

Chelmsford, April 2003
MLA - 54,000 sq ft

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

Our Stores (continued)

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

Colchester, December 2002
MLA – 54,000 sq ft

Bow, November 2002
MLA – 132,000 sq ft

Brighton, October 2002
MLA – 59,000 sq ft

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

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

Hounslow, December 2001
MLA – 54,000 sq ft

Ilford, November 2001
MLA – 58,000 sq ft

Cardiff, October 2001
MLA – 74,000 sq ft

Portsmouth, October 2001
MLA – 61,000 sq ft

Norwich, September 2001
MLA – 47,000 sq ft

Dagenham, July 2001
MLA – 51,000 sq ft

Wandsworth, April 2001
MLA – 72,000 sq ft

Luton, March 2001
MLA – 41,000 sq ft

Southend, March 2001
MLA – 57,000 sq ft

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

Romford, November 2000
MLA – 70,000 sq ft

Milton Keynes, September 2000
MLA – 61,000 sq ft

Cheltenham, April 2000
MLA – 50,000 sq ft

Slough, February 2000
MLA – 67,000 sq ft

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

Oxford, August 1999
MLA – 33,000 sq ft

Croydon, July 1999
MLA – 80,000 sq ft

Richmond, May 1999
MLA – 35,000 sq ft

Strategic Report (continued)

Portfolio Summary – Armadillo Stores

	2019	2018
Number of stores	**22**	22
At 31 March:		
Total capacity (sq ft)	**963,000**	963,000
Occupied space (sq ft)	**723,000**	712,000
Percentage occupied	**75.1%**	73.9%
Net rent per sq ft	**£17.50**	£16.97
For the year:		
REVPAF	**£15.63**	£15.09
Average occupancy	**75.7%**	76.0%
Average annual rent psf	**£17.33**	£16.61

	£000	£000
Self storage income	**12,645**	10,677
Other storage related income	**2,349**	2,015
Ancillary store rental income	**63**	72
Total store revenue	**15,057**	12,764
Direct store operating costs (excluding depreciation)	**(5,949)**	(5,003)
Leasehold rent	**(483)**	(497)
Store EBITDA[1]	**8,625**	7,264
Store EBITDA margin	**57.3%**	56.9%

Cumulative capital expenditure	£m
To 31 March 2019	**71.4**
To complete	**0.4**
Total capital expenditure	**71.8**

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

Strategic Report (continued)

Store Performance

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

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

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

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

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

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

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

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

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

Pricing and net rent per sq ft

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

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

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

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

Armadillo Self Storage

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

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

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

Strategic Report (continued)

Store Performance (continued)

Development pipeline

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

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

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

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

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

Financial Review

Delivering results

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

FINANCIAL RESULTS

Revenue

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

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

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

Operating costs

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

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

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

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

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

Strategic Report (continued)

Financial Review (continued)

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

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

Store EBITDA

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

Administrative expenses

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

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

Interest expense on bank borrowings

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

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

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

Profit before tax

The Group made a profit before tax in the year of £126.9 million, compared to a profit of £134.1 million in the prior year.

After adjusting for the gain on the revaluation of investment properties and other matters shown in the table below, the Group made an adjusted profit before tax in the year of £67.5 million, up 10% from £61.4 million in 2018.

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

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

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

Basic earnings per share for the year was 78.3p (2018: 85.0p) and fully diluted earnings per share was 78.0p (2018: 84.4p). Diluted EPRA earnings per share based on adjusted profit after tax was up 8% to 41.4p (2018: 38.5p) (see note 12). EPRA earnings per share equates to the Company's adjusted earnings per share in the current year.

REIT status

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

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

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

Taxation

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

Dividends

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

REIT regulatory requirements determine the level of Property Income Distribution ("PID") payable by the Group. On the basis of the full year distributable reserves for PID purposes, a PID of 29.2 pence per share is payable (31 March 2018: 27.5 pence). The balance of the total annual dividend represents an ordinary dividend declared at the discretion of the Board, in line with our policy to distribute 80% of our adjusted earnings per share in each reporting period. The PID for the year to 31 March 2019 accounts for 88% of the total dividend.

The table below summarises the declared dividend for the year:

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

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

Cash flow growth

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

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

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

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

Strategic Report (continued)

Financial Review (continued)

Balance sheet

Property

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

Investment property

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

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

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

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

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

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

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

Investment property under construction

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

Purchaser's cost adjustment

As in prior years, we have instructed an alternative valuation on our assets using a purchaser's cost assumption of 2.75% (see note 15 for further details) to be used in the calculation of our adjusted diluted net asset value. This Red Book valuation on the basis of the special assumption of 2.75% purchaser's costs, results in a higher property valuation at 31 March 2019 of £1,528.6 million (£83.1 million higher than the value recorded in the financial statements). With the share of uplift on the revaluation of the Armadillo stores (£0.7 million), this translates to 50.2 pence per share.

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

Receivables

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

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

Net asset value

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

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

Borrowings

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

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

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

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

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

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

At 31 March 2019, the fair value on the Group's interest rate derivatives was an asset of £0.6 million. The Group does not hedge account its interest rate derivatives. As recommended by EPRA, the fair value movements are eliminated from adjusted profit before tax, diluted EPRA earnings per share, and adjusted net assets per share.

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

Share capital

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

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

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

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

Investment in Armadillo

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

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

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

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

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

Strategic Report (continued)

Principal Risks and Uncertainties

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

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

Risk and impact	Mitigation	Change during the year and outlook
Self storage market risk There is a risk to the business that the self storage market does not grow in line with our projections, and that economic growth in the UK is below expectations, which could result in falling demand and a loss of income.	Self storage is a relatively immature market in the UK compared to other self storage markets such as the United States and Australia, and we believe has further opportunity for growth. Awareness of self storage and how it can be used by domestic and business customers is relatively low throughout the UK, although higher in London. The rate of growth of branded self storage on main roads in good locations has historically been limited by the difficulty of acquiring sites at affordable prices and obtaining planning consent. New store openings in London and other large metropolitan cities within the sector have slowed significantly over the past few years. Our performance during the 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: – 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. We have a large current storage customer base of approximately 56,000 spread across the portfolio of stores and hundreds of thousands more who have used Big Yellow over the years. In any month, customers move in and out at the margin resulting in changes in occupancy. This is a seasonal business and typically we see growth over the spring and the summer months, with the seasonally weaker period being the winter months.	The UK economy is projected to grow at approximately 1.2% in 2019. Self storage proved relatively resilient through the GFC, with our revenue and earnings increasing over the last nine years. As the economy has recovered in the past few years, the market risk has fallen in line with increasing occupancy. There is increased macroeconomic uncertainty associated with the UK's future exit from the EU, and this has resulted in a broad range of opinions on the UK's future economic performance. The uncertainty has impacted consumer behaviour, which caused lower occupancy growth for the Group in the quarter to March 2019. The Group's like-for-like occupancy has increased by 2.2 percentage points in the year from 80.5% to 82.7%.
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.	Our management has significant experience in the property industry generated over many years and in particular in acquiring property on main roads in high profile locations and obtaining planning consents. We do take planning risk where necessary, although the availability of land, and competition for it makes acquiring new sites challenging. Our in-house development team and our professional advisers have significant experience in obtaining planning consents for self storage centres. We manage the construction of our properties very tightly. The building of each site is handled through a design and build contract, with the fit-out project managed in-house using an established professional team of external advisers and sub-contractors who have worked with us for many years to our Big Yellow specification. We carried out an external benchmarking of our construction costs and tendering programme a couple of years ago, which had satisfactory results.	The Group has acquired seven sites since 1 April 2018, taking its total pipeline to 12 sites which, when opened, would expand the Group's current MLA by 18%. The planning process remains difficult and to achieve a planning consent can take anything from eighteen months to three years. Local planning policy is increasingly favouring residential development over other uses, and we don't expect this to change given the shortage of housing in the UK. We currently have planning consent on three of the 12 development sites.

Risk and impact	Mitigation	Change during the year and outlook
Valuation risk The valuation of the Group's investment properties may fall due to external pressures or the impact of performance. Lack of transactional evidence in the self storage sector leads to more subjective valuations.	The valuations are carried out by independent, qualified external valuers who value a significant proportion of the UK self storage industry. The portfolio is diverse with approximately 56,000 customers currently using our stores for a wide variety of reasons. There is significant headroom on our loan to value banking covenants.	The revaluation surplus on the Group's open stores investment properties was £59.0 million in the year (an uplift of 5%), due to an improvement in cash flows and the capitalisation rates used in the valuations. There continues to be transactional evidence in the sector, with a number of portfolio transactions taking place in the current year.
Treasury risk The Group may face increased costs from adverse interest rate movements.	Our financing policy is to fund our current needs through a mix of debt, equity and cash flow to allow us to selectively build out the remaining development pipeline and achieve our strategic growth objectives, which we believe improve returns for shareholders. We have made it clear that we believe optimal leverage for a business such as ours should be LTV in the range 20% to 30% and this informs our management of treasury risk. We aim to ensure that there are sufficient medium-term facilities in place to finance our committed development programme, secured against the freehold portfolio, with debt serviced by our strong operational cash flows. We have a fixed rate loan in place from Aviva Commercial Finance Limited, with eight years remaining. The Group has a £70 million loan from M&G Investments, which is 50% fixed and 50% floating, repayable in 2023. For our bank debt, we borrow at floating rates of interest and use swaps to hedge our interest rate exposure. Our policy is to have at least 40% of our total borrowings fixed, with the balance floating. At 31 March 2019 44% of the Group's total borrowings were fixed or subject to interest rate derivatives. The Group reviews its current and forecast projections of cash flow, borrowing and interest cover as part of its monthly management accounts. In addition, an analysis of the impact of significant transactions is carried out regularly, as well as a sensitivity analysis assuming movements in interest rates and store occupancy on gearing and interest cover. This sensitivity testing underpins the viability statement below. 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.	Interest rates were increased during the year, but the forecast is for rates to remain at relatively low levels for the foreseeable future. UK inflation reached 2.7% in 2018, but is forecast to fall to closer to 2% in 2019. Debt providers currently remain supportive to companies with a strong capital structure. That said, a weaker macro-economic performance by the UK economy could adversely affect liquidity and pricing. The Group's interest cover ratio for the year ended 31 March 2019 was 8.2 times, comfortably ahead of our internal target of 5 times.
Tax and regulatory risk The Group is exposed to changes in the tax regime affecting the cost of corporation tax, property rates, VAT, Stamp Duty and Stamp Duty Land Tax ("SDLT"), for example the imposition of VAT on self storage from 1 October 2012. The UK's future exit from the EU creates uncertainty over the future UK tax and regulatory environment. The Group is exposed to potential tax penalties or loss of its REIT status by failing to comply with the REIT legislation.	We regularly monitor proposed and actual changes in legislation with the help of our professional advisers, through direct liaison with HMRC, and through trade bodies to understand and, if possible, mitigate or benefit from their impact. HMRC have designated the Group as having a low-risk tax status, and we hold regular meetings with them. We carry out detailed planning ahead of any future regulatory and tax changes using our expert advisers. The Group has internal monitoring procedures in place to ensure that the appropriate REIT rules and legislation are complied with. To date all REIT regulations have been complied with, including projected tests.	In addition to the regulatory and tax uncertainty linked to the UK's future exit from the EU, the Group experienced an increase in cost in the prior year following the Government's review of business rates.

Strategic Report (continued)

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. With low unemployment, and a risk of higher staff turnover, difficulty in finding the right employees increases.	We have developed a professional, lively and enjoyable working environment and believe our success stems from attracting and retaining the right people. We encourage all our staff to build on their skills through appropriate training and regular performance reviews. We believe in an accessible and open culture and everyone at all levels is encouraged to review and challenge accepted norms, so as to contribute to the performance of the Group.	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. In the current financial year, we intend to commission an employee consultancy to conduct an engagement survey of our employees. This survey was last carried out in 2017.
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 the prior year, we developed a crisis response plan with external consultants to ensure the Group is well placed to deal with a major incident more effectively. We have also revisited our detailed disaster recovery procedures during the year, particularly in light of a high-profile fire at a Shurgard store in Croydon.
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. During the year we have continued to invest in digital security. Some of the changes include more frequent penetration testing of internet facing systems, adding components such as anti-ransomware as well as the maintenance replacement of components such as firewalls to the latest technology and specification.

Internal audit

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

Going Concern

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

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

Viability Statement

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

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

Based on this assessment the Directors have a reasonable expectation that the Company and the Group will be able to continue operating and meeting all their liabilities as they fall due to March 2023.

CORPORATE SOCIAL RESPONSIBILITY REPORT

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

1.0 INTRODUCTION

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

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

We recognise that our operations can have significant economic, environmental and social impacts. We are committed to assessing our CSR risks and opportunities and thereafter taking appropriate steps to mitigate negative impacts; and where possible enhance positive impacts for the benefit of our business, our stakeholders and our local environment. The Board regularly receives updates on sustainability topics both from the CSR Forum and the Head of CSR directly.

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

2.0 CSR EXECUTIVE SUMMARY

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

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

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

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

James Gibson
Chief Executive Officer
20 May 2019

2.1 CHANGES THIS YEAR

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

2.2 Highlights for the year

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

- This year has been about increasing transparency and stepping up our commitments – and we have been recognized for our efforts, both by our increased performance in the FTSE4Good ratings and our first ever EPRA sBPR bronze award.
- We have been included in the Sunday Times 100 Best Companies to Work For 2019. In the 'Giving Something Back' engagement factor we achieved 17th position.
- Our corporate website underwent a major refresh this year, which gave us the opportunity to restructure and refresh our CSR/Sustainability pages and to relaunch our Sustainability Strategy.
- We invested in relevant, engaging communication to promote our culture and values to our employees through a new internal magazine called 'The Bigger Space' where we celebrate, explain, and provoke thoughts on all things Sustainability, CSR and The Big Yellow Foundation.
- We have met both our Foundation income and grant making expectations, with the Foundation having received an income of £160,000 in the year to 31 March 2019 and having paid out grants of £102,000 in the same time period. We have published our first Trustee Report and Annual Report for the Big Yellow Foundation (for the year ended 31 March 2018).
- We have increased transparency, by launching our new Sustainable Construction Policy and refreshing our Human Rights & Anti-Slavery Policy.
- We have delivered consistent progress against our environmental commitments – most pleasingly we have delivered 1,500kg of single-use plastic reduction already.
- Our key emission intensity metric has further improved and is now at 8.01 kg CO_2e/ Customer Occupancy m^2.

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

Strategic Report (continued)

Corporate Social Responsibility Report (continued)

Our People

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

Health and Safety Record

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

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

Our Environment

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

CSR Performance Benchmarking

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

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

2.3 PERFORMANCE OVERVIEW

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

PROVIDE THE PLACE AND SPACE TO MAKE LIVES EASIER

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

PLAN AND ACT FOR A SUSTAINABLE FUTURE

Target / Commitment	By end of financial year	Progress to date
Scope 1 & 2 Emissions (from 2011 baseline year) reduction of 34% by 2020	2020	Currently at 59.7% reduction
Scope 1 & 2 Emissions (from 2011 baseline year) reduction of 80% by 2050	2050	Currently at 59.7% reduction
New Energy Intensity target	2019	We have set an internal energy intensity target for 2018/19 and will look to publish this in 2019/2020
Achieve 10 tCO_2e per m^2 occupied	2020	8.01 – we have beaten our target and will review during 2019/2020
Contractors signing up to CCS scheme with a target score of 35 points for both fit-out and shell	annual	36 points achieved (for Manchester store, opened May 2019)
Increase total Solar PV generation capacity by at least 10% for each new store built	annual	50 kWh installed in Wandsworth. Retrofit in Bristol Ashton Gate and Bristol Central
Remove 1,600 kg single use plastics	2022	On Track Removed 1,500 kgs to date
Educate and engage store teams to improve recycling performance – send zero waste to landfill	2025	On track New recycling bins and instructions delivered
Review in-store water consumption against self storage benchmark	2019	Completed We achieved a lower consumption figure than the 'good' standard set by the Better Building Partnership
100 % CLA (Current Lettable Area) covered by Green aspects (%)	2025	On track, currently 87.15%
90% of our certified stores achieve an EPC performance of C or above	2025	Achieved 98% Out of 75 stores, 65 have an EPC, all but one are A, B or C
New-built stores pre-construction BREEAM standards 'Very Good' or above	annual	Met

TREAT EVERYONE FAIRLY AND RESPECTFULLY, AS A PARTNER

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

Strategic Report (continued)

Corporate Social Responsibility Report (continued)

3.0 OUR PEOPLE

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

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

We encourage a culture of partnership within the business and believe in staff participating in corporate performance through benefits such as customer feedback rewards, bonus schemes and share incentives.

We recognise and reward the exceptional performance, achievements and ideas of our people through a Recognition Points Scheme and allocated £47,000 of points for the year ended 31 March 2019.

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

We had a successful year:

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

Best Companies

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

THE SUNDAY TIMES 100 BEST COMPANIES TO WORK FOR 2019

1,806

Training days delivered.

16%

increase in female store managers.

4.0 OUR COMMUNITIES

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

Community Investment and Engagement

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

We do that in two main ways:

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

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

During the year, we:

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

THE BIG YELLOW FOUNDATION

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

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

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

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

Fundraising

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

£150,000

for the Big Yellow Foundation.

THE BIG YELLOW FOUNDATION

HELPING VULNERABLE PEOPLE LEAD BRIGHTER LIVES

£102,000

Paid in grants to our six selected charity partners.

£602,000

worth of free space donated to 170 different organisations.

Strategic Report (continued)

Corporate Social Responsibility Report (continued)

5.0 OUR CUSTOMERS

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

Furthermore, we provide our customers with easy access to relevant environmental and broader CSR information and actively engage with them through our Big Yellow Foundation. Each store with a Solar PV (Photo Voltaic) energy supply has a display in either the reception or loading bay areas, indicating how much energy has been generated; all our stores with EPCs (Energy Performance Certificates) will have these certificates prominently displayed in the reception area.

We report on the following aspects:

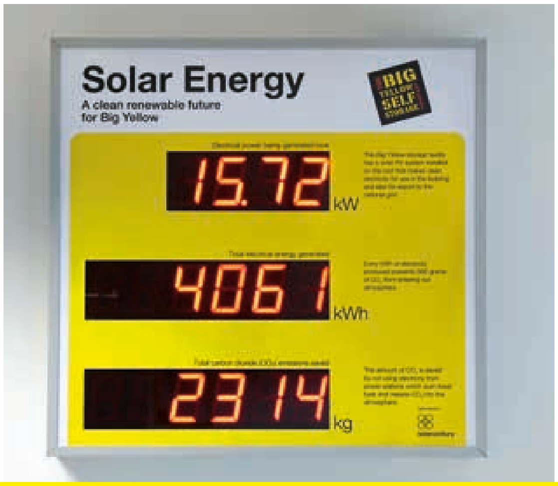
- Customer and Visitor Health & Safety - please refer to the Health & Safety section of this report.
- Customer Service performance, Security of our stores and the financial stability of our organisation – please refer to the Operating and Financial Review.
- Our commitment to the Environment, in particular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

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

Together with our customers we have raised

£160,000

for The Big Yellow Foundation.



21

stores now have Solar PV installations

79.1

net promoter score from our customers in the year

6.0 OUR SUPPLIERS

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

During 2018/19:

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

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

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

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

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

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

Average time to pay an invoice was

29 days

Signed up

to the Prompt Payment Code

Strategic Report (continued)

Corporate Social Responsibility Report (continued)

7.0 OUR HEALTH & SAFETY

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

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

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

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

Big Yellow Store Customer, Contractor and Visitor Health & Safety

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

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

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

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

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

Big Yellow Construction 'Fit Out' Health & Safety

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

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

8.0 OUR ENVIRONMENT

We monitor and manage the impact of our business on society and the local environment, to control our risks and manage our opportunities in a sustainable manner.

Environmental Responsibilities

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

Task Force on Climate-Related Financial Disclosure (TCFD)

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

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

Compliance

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

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

Approach

In the Basis of Reporting document we have provided a specific section on energy, emissions, water and waste, reporting against all environmental European Public Real Estate Association (EPRA) indicators (and GRI where relevant). We have worked with EPRA during the year to further strengthen our approach to their benchmarks.

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

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

External benchmarking

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

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

Environmental Performance

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

Also, in the last year, we have:

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

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

Strategic Report (continued)

Corporate Social Responsibility Report (continued)

8.0 OUR ENVIRONMENT (continued)

ENERGY

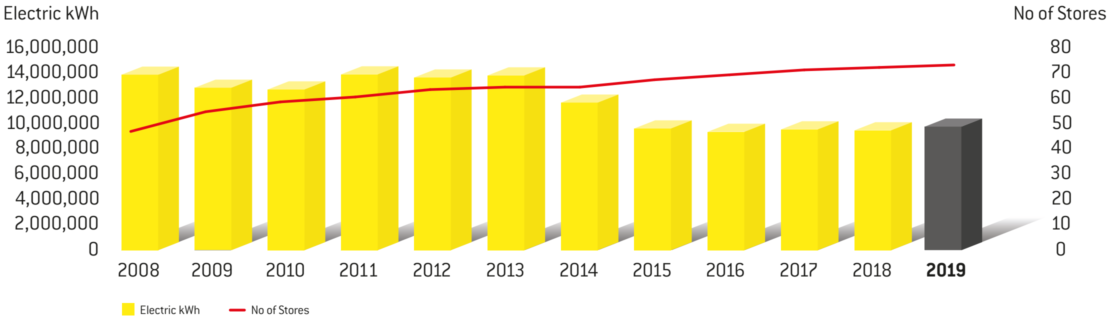
Energy Intensity (expressed in EPRA indicator)

Energy consists of electricity and gas as well as on-site generated solar energy. This year, we are switching from 'GIA' (Gross Internal Area) to Current Lettable Area ('CLA') for all our reporting, as this is the relevant measure for a self storage facility – in order to aid the transition, we have provided both numbers – in future years will state MWh/m^2 CLA only.

Our energy intensity for CLA has remained steady.

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

Long Term Electricity Use

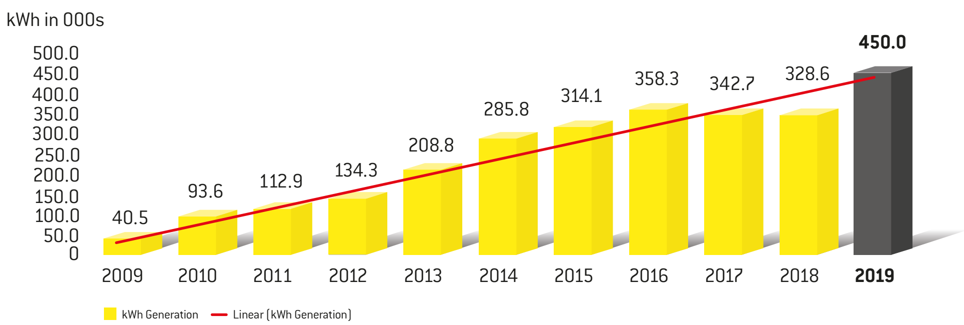


2 Total store energy use 2019:10,548MWh, GIA number: 4,653,000 sq. ft = 432,277 m^2. CLA number for FY2017/18: 426,704 m^2. CLA number for FY2018/19: 430,914m^2

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

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

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



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

Total Energy Use (Electricity and Gas) and Materiality

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

8.0 OUR ENVIRONMENT (continued)

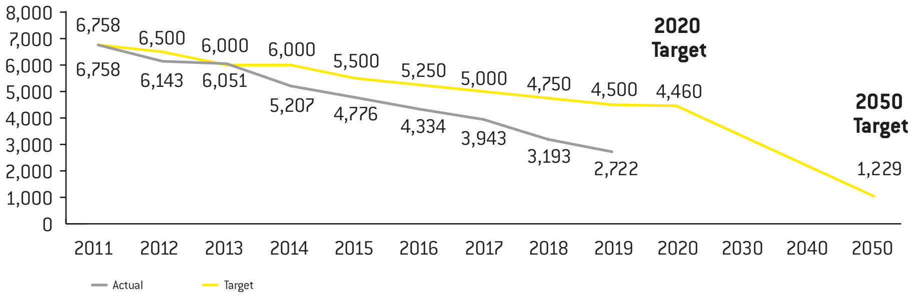
EMISSIONS

Executive Summary

Total Scope 1 and 2 Emissions

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

Total Scope 1 and 2 Emissions



Total Scope 1 and 2 GHG Emissions Intensity

Our GHG Emissions 'intensity' indicators are based on average customer occupancy (m^2), total Group revenue (£) and current lettable area ("CLA" per m^2).

Year end 31 March	2011	2016	2017	2018	2018 restated	2019	% change from 2011 Peak
Total (tCO_2e)	6,879.5	4,456.2	4,126.9	3,520.5	3,340.0	2,853.9+	(58.5%)
GHG Intensity: kg CO_2e/ Customer Occupancy m^2	34.8	14.6	12.7	10.2	9.7	8.0+	(77.0%)
GHG Intensity: kg CO_2e/ Annual Revenue £000s	0.11	0.04	0.04	0.03	0.028	0.023+	As of 2018/29 we're switching to annual revenue £000s (see below)
GHG Intensity: kg CO_2e/ Annual Revenue £000s	111.0	40.0	37.8	30.1	28.6	22.8+	(79.5%)
GHG Intensity: kg CO_2e/ Current Lettable Area ('CLA') m^2	20.8				7.8	6.6+	(68.3%)

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

From 2018/19 onwards, we will be reporting in £000s as easier to read
Baseline year 2011 Scope 1 and Scope 2 GHG emissions reported at 7,450 tCO_2e, CLA:3,019,428 sq. ft 2010/11 = 280,514m^2

WATER

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

This year, we have applied the Better Building Partnership's (BBP) 2017 Real Estate Environmental Benchmarks (Water). We have selected: 'Water Benchmarks – Enclosed Shopping Centres' – 'Water Intensity' – Water Intensity by space (litres/m^2 CLA / year).

Strategic Report (continued)

Corporate Social Responsibility Report (continued)

8.0 OUR ENVIRONMENT (continued)

Flooding and Droughts

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

WASTE

Waste Sources and Segregation

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

Executive Summary

- Since our 'total waste' benchmark year in 2011 of 244t, our CLA has increased from 280,514 m^2 to 430,914m^2 , an increase in 53.6%. Total waste has increased to 370t in 2019, an increase of 51.6% from 2011.
- Our in-store recycling performance has broadly stayed the same – we have issued all our stores with separate recycling bins and communication and will seek to improve our performance going forward.
- During the year we have had increase demand from our business customers for waste services. In a number of instances, we facilitated the separate collection of customers' waste (which is not reported here) but understand some stores are likely to have permitted Big Yellow bins to be used. We will seek to clarify the process in more detail with all stores during 2019/20.

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

New Store Construction 'Fit-out' Waste Management Performance

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

Manchester achieved a BREEAM SMART Waste Benchmarks Amount of waste tonnes per 100m^2 of '3'.

RESOURCE USE

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

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

GREEN STORE PORTFOLIO

Executive Summary

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

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

8.0 OUR ENVIRONMENT (continued)

LEGISLATION & STANDARDS

LEGISLATION

Mandatory Greenhouse Gas (GHG) Emissions Statement

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

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

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

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

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

STANDARDS

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

9.0 TARGETS

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

10.0 STAKEHOLDERS

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

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

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

11.0 INVESTORS

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

For more information on these benchmarks, please see the 'Benchmarks, Legislation and Standards' section of our Full CSR Report.

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

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

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

87%

of CLA covered by 'Green Aspects'

1,500kg

of single-use plastic removed from our product packaging

Strategic Report (continued)

Corporate Social Responsibility Report (continued)

Deloitte.

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

What we looked at: scope of our work

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

Carbon footprint indicators:

- Store electricity (tCO_2e)
- Store flexi-office gas emissions (tCO_2e)
- Refrigerant emissions (tCO_2e)
- Absolute carbon dioxide emissions (tCO_2e)

Store electricity use, CO_2 emissions, and carbon intensity:

- Electricity use (kWh)
- Like-for-like electricity use (tCO_2e)
- Absolute carbon emissions (tCO_2e)
- Carbon intensity ($kgCO_2e/m^2$ current lettable area)
- Carbon intensity ($kgCO_2e/m^2$ occupied space)
- Carbon intensity ($kgCO_2e$/£ revenue)

Renewable energy generation and CO_2 emissions reductions:

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

Staff, customer, and visitor health and safety:

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

Construction 'fit-out' health and safety

- Minor Injuries
- Reportable injuries (RIDDOR)

What we found: our assurance opinion

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

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

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

Deloitte.

What we did: our key assurance procedures

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

Key procedures we carried out included:

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

Big Yellow's responsibilities

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

Deloitte's responsibilities, independence and team competencies

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

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

Deloitte LLP
London, United Kingdom
20 May 2019

Governance

Chair's Introduction

Committed to the highest standards

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.

Corporate Governance contents

DEAR SHAREHOLDER,

I am pleased to present the Corporate Governance Report for 2019. This report should be read in conjunction with the report on pages 66 to 71, which set out how we have complied in full with the UK Corporate Governance Code in 2019.

As a Board we have also considered our response to the UK Corporate Governance Code issued by the Financial Reporting Council in July 2018 ("the new Code"). We have set out within this Report the steps we have taken to comply with this new Code, which will be effective for our year ending 31 March 2020.

As outlined in my report on pages 14 to 15, 2019 has been a good year for the Company, with continued growth in our key operating metrics 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 Directors to major shareholders is provided to the Non-Executive Directors on a regular basis.

All Directors will attend this year's AGM which will again provide an opportunity for all shareholders to ask questions of the Board.

The culture of the business is a key part of our success, and we were delighted to be recognised in the Sunday Times 100 Best Companies to Work For 2019. The Executive Directors visit each of the Group's stores at least once a year, 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 79.1.

Looking ahead

Following our performance this year, our attention for the coming year will again be focussed 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

20 May 2019

How we are structured

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

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 66 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 72-73 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 94-97 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 74-93 for more information

Governance (continued)

Directors, Officers and Advisers

Executive Directors

.01 / **Nicholas Vetch**
Executive Chairman
Nicholas 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 Non-Executive Director of Local Shopping REIT plc and a Trustee of Global Human Rights and Global Human Rights UK.

.02 / **James Gibson**
Chief Executive Officer
James was a 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.

.03 / **Adrian Lee**
Operations Director
Adrian 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.

.04 / **John Trotman**
Chief Financial Officer
John is a Chartered Accountant having trained with Deloitte LLP, where he specialised in the real estate sector and self storage. On leaving Deloitte in 2005, John worked for a subsidiary of the Kajima Corporation. 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.

Non-Executive Directors

.05 / **Richard Cotton** N A R
Non-Executive Director
Richard 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.

.06 / **Georgina Harvey** N A R
Non-Executive Director
Georgina 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 William Hill 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.

.07 / **Dr Anna Keay** N A R
Non-Executive Director
Anna has been CEO of the Landmark Trust since 2012, operating a portfolio of 200 historic buildings let for holidays. She has a PhD from London University, starting her career at Historic Royal Palaces and from 2002 to 2012 she was Curatorial Director of English Heritage. She was a trustee of Leeds Castle Foundation from 2009 to 2016. 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.

.08 / **Steve Johnson** N A R
Non-Executive Director
Steve 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 hypermarket operator. He joined the Board in September 2010.

.09 / **Vince Niblett** N A R
Non-Executive Director
Vince was the Global Managing Partner Audit for Deloitte. He previously held a number of senior leadership roles within Deloitte including as a member of the UK Board of Partners and of the Global Executive Group and the UK Executive Group before his retirement from Deloitte in May 2015. 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.

Committee key
N Nomination Committee
A Audit Committee
R Remuneration Committee
● Committee Chair

The Executive 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.

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

Cushman & Wakefield LLP
Jones Lang LaSalle

Governance (continued)

Corporate Governance Report

INTRODUCTION

The Company is committed to the principles of corporate governance contained in the UK Corporate Governance Code that was issued in 2014 by the Financial Reporting Council ("the Code") for which the Board is accountable to shareholders. The Board is also cognisant of the Code issued by the Financial Reporting Council in 2018 ("the new Code"). We have included commentary in this report on the Board's response to the new Code. 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 2019, the Company has been in compliance with the Code provisions set out in section 1 of the 2014 UK Corporate Governance Code.

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;
- 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 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

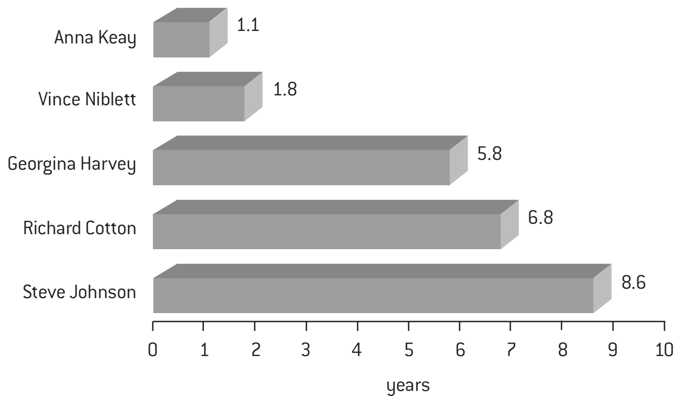
Composition of the Board

The Nominations Committee is responsible for reviewing the Board Composition, and makes recommendations to the Board on the appointment of Directors. There are presently five independent Non-Executive Directors on the Board, with Richard Cotton being the Senior Independent Director. The Company complies with the Combined 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 Directors between formal Board meetings. The Non-Executive Directors meet at least once a year without the Executive 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 Directors and have a prime role in appointing and, where necessary, removing Executive Directors, and in succession planning.

The tenure of the independent Non-Executive Directors at 31 March 2019 is set out below:



Changes to the Board and its Committees

Steve Johnson has informed the Board of his decision to retire from the Board with effect from the Annual General Meeting in 2020, when he will have been in the role for nine years. The Board will be recruiting a replacement Independent Non-Executive Director during the forthcoming financial year.

THE BOARD AND ITS COMMITTEES

Standing committees of the Board

The Board has Audit, Remuneration and Nominations 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 of 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.

Governance (continued)

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
Tim Clark*	Non-Executive Director	●
Richard Cotton	Non-Executive Director	●●●●●●
James Gibson	Chief Executive Officer	●●●●●●
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	●●●●●●

* Tim Clark retired from the Board on 19 July 2018.

● attended

○ absent, Adrian Lee missed one meeting due to an unavoidable diary conflict.

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 entered into 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 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. The professional development requirements of Executive 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 properties. During the year, the Executive 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 applied principle C.2 of the UK Corporate Governance Code by establishing 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.

In compliance with provision C.2.1 of the Code, 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 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.

The Group has 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.

Corporate Governance Report (continued)

GOING CONCERN

The Group's activities, and a fair review of the business, are included in the Strategic Report on pages 16 to 36. The financial position of the Group, including its cash flow, liquidity, and committed debt facilities are discussed in the Financial Review on pages 37 to 41.

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 Board has identified a number of key stakeholders which it seeks to engage with on a regular basis. The key stakeholders are:

- Employees (see Employee Relations and Company Culture section below)
- Shareholders (see Shareholder Relations section below)
- Customers (see Commentary in the Operating and Financial Review on customer engagement)
- Suppliers (see Commentary in the Corporate Social Responsibility report on supplier engagement)

SHAREHOLDER RELATIONS

The Board aims to achieve clear reporting of financial performance to all shareholders and acknowledges the importance of an open dialogue by both Executive and Non-Executive Directors with its institutional shareholders. The Board believes that the Annual Report and Accounts play an important part in presenting all shareholders with an assessment of the Group's position and prospects.

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 Directors have participated in investor conferences and meetings during the year throughout the United Kingdom, and also in France, the Republic of Ireland, South Africa and the Netherlands. During the year ended 31 March 2019, the Chief Executive and other Executive Directors carried out 175 meetings with UK and overseas institutional shareholders and potential investors. These meetings comprised group and individual presentations and tours of our stores.

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. At each Board Meeting, the Board is updated on any shareholding meetings that have taken place, and any views expressed or issues raised by the shareholders in these meetings.

Any queries raised by a shareholder, either verbally or in writing, are answered immediately by whoever is best placed on the Board to do so. Directors are introduced to shareholders at the AGM, including the identification of Non-Executive Directors and Committee Chairmen. The number of proxy votes cast in the resolution is announced at the AGM.

EMPLOYEE RELATIONS AND COMPANY CULTURE

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 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 employee engagement surveys, and also in 2019 was pleased to be named again in the Sunday Times 100 Best Companies to Work For.

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.

EMPLOYEE RELATIONS AND COMPANY CULTURE (continued)

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.

The new Code states 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 will oversee 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 attend 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 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

Member	Number of meetings attended
Tim Clark* – Member	○
Richard Cotton – Chairman and Senior Independent Director	○○
Georgina Harvey – Member	○○
Steve Johnson – Member	○○
Anna Keay – Member	○○
Vince Niblett – Member	○○

* Tim Clark retired from the Board on 19 July 2018.

○ attended

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 2017 the Board engaged Lomond Consulting to undertake an evaluation of the performance of the Board and its Committees. The aim was to seek to identify areas where the performance and the procedures of the Board may be improved. The scope of the review was agreed between the Chairman of the Committee and the Chief Executive. Lomond Consulting are independent of the Group.

Each Director completed a questionnaire on the performance of the Board, its Committees and the Chairman. Each Director was then interviewed in person by Lomond Consulting. The responses were anonymous to enable an open and honest sharing of views. Lomond Consulting then produced a report showing the results of the review.

The key topic discussed as part of the review was succession planning, which is further discussed in the section below, albeit the Committee considered no further action was necessary.

During the current year, the Executive Chairman evaluated the performance of the other Executive Directors, and the performance of the Chairman was evaluated by the Senior Independent Non-Executive Director. It was considered that the individuals, the Committees and the Board as a whole were operating effectively, with appropriate procedures put in place for minor areas identified for improvement. The Committee intends to commission a further external evaluation of the Board in the year ending 31 March 2020.

Succession planning

The Board comprises a team of four Executive 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. 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.

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

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 Board considers it is important to increase the representation of women on the Board, and intends to meet the 30% recommended minimum proportion of women on the Board in the short to medium term.

At Senior Management Level, there is a balanced ratio between men and women.

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 Directors may not take on more than one non-executive Directorship within a FTSE 350 company or other significant and time-consuming appointment.

Directors standing for re-election

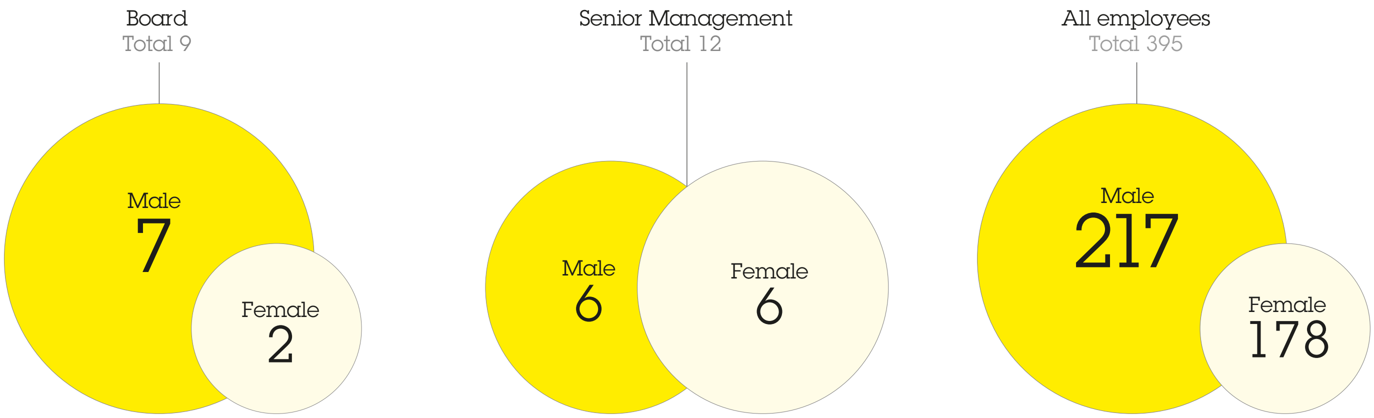
All of the Directors will retire in accordance with the UK Corporate Governance Code and will offer themselves for re-election at the Annual General Meeting.

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

The Board, on the advice of the Committee, therefore recommends the re-election of each Director standing for re-election. Full biographical details of each Director are available on page 64.

Richard Cotton
Nominations Committee Chairman

Board and company Gender diversity



(senior management are defined to be Heads of Department)

REMUNERATION REPORT

Member	Number of meetings attended
Tim Clark* – Member	○
Richard Cotton – Member	○○○○
Georgina Harvey – Chair	○○○○
Steve Johnson – Member	○○○○
Anna Keay – Member	○○○○
Vince Niblett – Member	○○○○

* Tim Clark retired from the Board on 19 July 2018.
○ attended

INTRODUCTION

This report details the activities of the Remuneration Committee for the period from 1 April 2018 to 31 March 2019.

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 2019 and how the Remuneration Policy will be operated in the year ending 31 March 2020;
- **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 2020, the link between Company performance and remuneration for the year ended 31 March 2019 and payments and awards made to the Directors in respect of the year just ended.

The Companies Act 2006 requires the auditor to report to the shareholders on certain parts of the Remuneration Report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the Annual Report on Remuneration that are subject to audit are indicated in the report. The Annual Statement by the Remuneration Committee Chair and the Remuneration Policy Report are not subject to audit.

The Committee and its Work During the Year

Committee Chair: Georgina Harvey

Committee members: Tim Clark (until 19 July 2018), Richard Cotton, Steve Johnson, Vince Niblett and Anna Keay

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

The Committee met four times during the year under review.

The Committee's main activities during the year ended 31 March 2019 (full details are set out in the relevant sections of this report) included:

- Finalising the Remuneration Policy and wrapping up the consultation with the Company's major shareholders.
- Agreeing Executive Director base salary increases from 1 April 2019 in line with the new Remuneration Policy;
- Agreeing the annual bonus pay-out for the year ended 31 March 2018 and setting the targets for the annual bonus for the year ended 31 March 2019;
- Reviewing the final performance targets in respect of the Long Term Bonus Performance Plan ("LTBPP") awards which had a three-year performance period ended 31 March 2018;
- Reviewing the EPS and Total Shareholder Return ("TSR") performance targets and determining the percentage vesting for the 2015 LTIP awards which vested in 2018;
- 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 draft disclosures.

ANNUAL STATEMENT

Dear Shareholder

I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2019.

At the 2018 AGM we tabled a binding resolution to seek shareholder approval to update our existing Directors' Remuneration Policy, for which shareholder approval had originally been obtained in 2015. We were pleased to receive strong support from our shareholders for the new policy.

Performance, Decisions and Reward Outcomes for the year ended 31 March 2019

The business conditions and performance of the Group in the year ended 31 March 2019 are described more fully in the Chairman's Statement and the Operating and Financial Review of this Annual Report. In summary:

- The business of the Group performed strongly;
- Big Yellow remains the clear UK brand leader in self storage and delivered growth in occupancy, cash flow and earnings for the tenth year in a row;
- Revenue, operating cash flow and adjusted profit before tax increased by 7%, 14% and 10% respectively;
- Like-for-like occupancy increased by 2.2 ppts; and
- Dividends are being increased by 8%.

Payments made to the Executive Directors under the cash annual bonus plan for the year ended 31 March 2019 amounted to 10.2% 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 Directors under the deferred annual bonus plan for the year ended 31 March 2019 amounted to 102.3% of salary (out of a maximum of 125% of salary), based on strong 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 2015, which vested in July 2018, 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.

Implementing the Policy for the Year Ending 31 March 2020

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
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

In considering whether the 1 April 2019 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 2019, including the financial results highlighted earlier in my statement, coupled with the acquisition of seven development sites, a successful placing of 7.2 million shares in September 2018, key planning consents being granted, and the acquisition of the freehold of the Group's New Malden store. In assessing individual performance, the Committee considered the contribution of each Director to the above success.

As noted above, the increases from 1 April 2020 are not guaranteed but will be subject to satisfactory Group and individual performance during the year ending 31 March 2020. Disclosure in respect of the Committee's assessment will be provided in next year's Remuneration Report. Other than for a material role change, subsequent salary increases are expected to be in line with the general workforce increases.

Governance (continued)

Remuneration Report (continued)

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). 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 2020.

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 2020.

The remaining 125% of salary will be measured against financial, operational, real estate and strategic targets measured over the financial year ending 31 March 2020. Any award under this part will be deferred into Big Yellow shares for three years (with vesting subject to continued employment).

LTIP

LTIP awards will continue to be granted to Executive Directors annually, over shares equal to 100% of salary. The performance conditions for awards intended to be granted to Executive Directors in 2019 are as follows:

- 70% adjusted EPS – adjusted EPS growth of RPI+3% p.a. for 25% of this element of the award to vest with full vesting occurring for adjusted EPS growth of RPI+8% p.a.;
- 30% – relative TSR performance vs. FTSE Real Estate Index with 25% of this element of the award vesting for median TSR comparative performance and full 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 Directors. If this guideline has not been met, then there is a requirement to retain at least 50% of shares vesting in discretionary share-based incentive plans.

I hope that, at the AGM on 19 July 2019, 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, I would like to extend my thanks to my fellow colleagues on the Committee for their support and work in 2018/19.

Georgina Harvey
Chair of the Remuneration Committee

20 May 2019

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 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 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 and applies from the date of approval and is intended to remain in place for a maximum of three years. That said, the Remuneration Committee will keep the Policy under review to ensure that it continues to remain appropriate.

Summary Policy table (Executive 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 Directors

	Purpose and link to strategy	Operation	Maximum potential value	Performance conditions and assessment
Base salary	To provide competitive fixed remuneration that will attract and retain key employees and reflect their experience and position in the Company.	Base salary is normally set annually on 1 April. When considering any increases to base salaries in the normal course (as opposed to a change in role or responsibility), the Committee will take into consideration: • level of skill, experience, scope of responsibilities and performance; • business performance, economic climate and market conditions; • pay and employment conditions of employees throughout the Group, including increases provided to staff; and inflation; and • increases provided to Executive Directors in comparable companies (although such data would be used with caution).	Salaries are typically set after considering the salary levels in companies of a similar size and complexity in the FTSE 250. Our overall policy is normally to target salaries at close to median levels. Base salaries are intended to increase in line with inflation and general employee increases in salary. Higher increases may apply if there is a change in role, level of responsibility or experience or if the individual is new to the role. There is no maximum salary cap in place.	None
Annual bonus	The annual bonus aligns reward to key Group strategic objectives and drives short-term performance.	Executive Directors participate in an annual performance-related bonus scheme. Up to 25% of salary will be paid in cash. Up to 125% of salary will be deferred into shares for three years. Dividend equivalents may be payable on deferred share awards. The annual bonus plan rules contain clawback and malus provisions.	Bonus potential: 150% of salary.	Assessed annually and determined by the Committee based on financial, strategic and/or personal performance against the Group's business plan for each financial year.
Long Term Incentive Plan	The Long Term Incentive Plan aligns Executive Director interests with those of shareholders and rewards value creation.	Awards are made annually to the Executive 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. The awards granted under the Long Term Incentive Plan are subject to performance conditions to be met over a performance period of three years. Dividend equivalents may be payable on LTIP awards during the vesting period, to the extent awards vest. The LTIP contains clawback and malus provisions. A two year post vesting holding period is applied to LTIP awards granted to Executive Directors following the 2018 AGM.	Maximum annual grant is 100% of base salary, with normal awards of 100% of annual salary for the Executive Directors. Minimum vesting is 25% of salary assuming achievement of threshold performance, and the maximum vesting is 100% of salary.	Vesting under the LTIP is based on financial and share-price related performance measures.

Governance (continued)

Remuneration Report (continued)

Summary Policy table (Executive 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.	Benefits include: • Private fuel • Private medical insurance • Permanent health insurance • Life assurance of four times base salary • Relocation allowances (where relevant) Other benefits may be provided where appropriate. The type and level of benefits provided is reviewed annually to ensure they remain market competitive.	Maximum opportunity is the total cost of providing the benefits. There is no monetary cap on benefits.	None
Shareholding policy	To ensure that Executive 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 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 Directors with those of shareholders.

1. Annual bonus performance measures and targets

Annual bonuses for the Executive 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 Directors and the value created for shareholders. The two metrics for the outstanding and proposed 2019 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.

Governance (continued)

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 Directors based on the current Remuneration Policy.

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

Scenario	Description	Chief Executive	Executive Chairman	Chief Financial Officer	Operations Director
Fixed Pay	Base salary (1 April 2019)	£400,000	£350,000	£300,000	£270,000
	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 | Operational Director

Summary Policy table (Non-Executive Directors)

	Objective and link to the strategy	Operation	Maximum potential value	Performance conditions and assessment
Fees	To attract Non-Executive Directors with the requisite skills and experience	Fee levels are normally reviewed annually in March. The Non-Executive Director fee structure is a matter for the full Board. Non-Executive Directors may be entitled to benefits relating to travel and office support and such other benefits as may be considered appropriate. The fees may be paid in the form of shares.	Fee levels are normally set at broadly median levels for comparable roles at companies of a similar size and complexity within the FTSE 250. Fees are normally intended to increase in line with inflation.	N/A

Non-Executive Directors' fees 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	• 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 Directors. • The Executive Director would be eligible to receive benefits in line with Big Yellow Group's benefits policy as set out in the remuneration policy table – this includes either a contribution to a personal pension scheme or cash allowance in lieu of pension benefits in line with the policies set out in the policy table.
Maximum variable incentive	• Annual bonus of up to 150% of base salary. • Long term incentive plan award of equivalent to 100% of base salary.
Sign-on payments	• The Company does not provide sign-on payments to Executive Directors.
Share buy-outs	• Any previous outstanding share awards which the Executive Director holds which would be forfeited on cessation of his or her previous employment may be compensated. • Where this is the case, the general principle is that the outstanding award will be valued based on the consideration of the following factors: – The proportion of the performance period completed on the date of the Director's cessation of employment; – The performance conditions attached to the vesting of the incentives and the likelihood of them being satisfied; and – Any other terms and conditions having a material impact on their value. • The valuation will be conducted using a recognised valuation methodology by an independent party and the equivalent 'fair value' may be awarded as a one-off LTIP on date of joining under the Company's existing long term incentive plan. To the extent that this is not possible, a bespoke arrangement will be used. • To ensure effective retention of the Executive Director upon recruitment, any new award will be granted subject to performance conditions and vesting may be over the same period as those forfeited from the previous employer or a new three year period. • The exact terms will be determined by the Remuneration Committee on a case-by-case basis taking into account all relevant factors.
Relocation policies	• In instances where the new Executive Director is relocating from one work location to another, the Company may provide, as a one-off or otherwise, a relocation allowance as part of the Director's relocation benefits. • The level of the relocation package will be assessed on a case-by-case basis but will take into consideration any cost of living differences, housing allowance and schooling.

Governance (continued)

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 Directors have contracts which reflect this policy.

The Non-Executive Directors do not have service contracts with the Company. Their appointments are governed by letters of appointment which are available for inspection on request at the Company's registered office and which will be available for inspection at the Company's AGM. Each appointment is for a period of up to three years, although the continued appointment of all Directors is put to shareholders at the AGM on an annual basis. In addition, the appointment is terminable by either party giving notice of three months.

Payments for loss of office

Element	Approach
Salary and benefits	Salary and benefits may be paid in lieu of notice. In cases where a contract is terminated other than on the terms of the service contract, the Company will seek to mitigate any damages payable. There will be no compensation for normal resignation or in the event of termination by the Company due to misconduct.
Annual bonus	If the individual is a good leaver, 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). Deferred share awards would normally vest at the normal vesting date (although may vest at the date of cessation). 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. A bad leaver is an Executive Director who does not fall within the category of "good leaver" and bad leavers will forfeit any entitlement to a bonus payment in respect of the current financial year or any completed financial year in respect of which the bonus has not been paid at the cessation date.
Long term incentives (LTIP)	A proportion of the LTIP awards held by good leavers will vest at the Committee's discretion determined by taking into account whether, and to what extent, any performance conditions have been satisfied and the length of time the LTIP award has been held at the date of cessation of employment. The LTIP awards will not normally vest until the end of the performance period with performance tested at that time, although exceptionally such awards may, at the discretion of the Committee, vest at cessation of employment. Good leaver is defined as an individual ceasing employment as a result of ill-health, injury, disability, redundancy, retirement, or the sale out of the Group of his employing business or any other reason which the Committee in its absolute discretion permits. A bad leaver is an Executive Director who does not fall within the category of good leaver and bad leavers will forfeit any unvested awards.
Other	The Group may meet relocation and other incidental expenses on termination of employment, the fees of legal or other professional advisers, outplacement, compensation in respect of statutory rights under relevant employment protection legislation and accrued but untaken holiday. It may also elect to continue to provide certain benefits rather than making payment in lieu of the benefit in question.

Statement of consideration of shareholders' views

The views of our shareholders are very important to the Committee and we actively consulted with our major shareholders and the main representative bodies to help formulate our Remuneration Policy which was approved at last year'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 2018 Remuneration Report and the binding vote on the Remuneration Policy at the AGM held on 19 July 2018.

	Votes for	%	Votes Against	%	Votes withheld
2018 Remuneration Report	118,737,845	92.6%	9,452,624	7.4%	172,867
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 2020 and how it was implemented during the year ended 31 March 2019.

Implementing the Policy for the Year Ending 31 March 2020

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 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
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

In considering whether the 1 April 2019 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 2019, including the financial results highlighted in the statement from the Remuneration Committee Chair, coupled with the acquisition of seven development sites, a successful placing of 7.2 million shares in September 2018, key planning consents being granted, and the acquisition of the freehold of the Group's New Malden store. In assessing individual performance, the Committee considered the contribution of each Director to the above success. As such the base salaries have been awarded to each Director in accordance with the table above from 1 April 2019.

As noted above, the increases from 1 April 2020 are not guaranteed but will be subject to satisfactory Group and individual performance during the year ending 31 March 2020. Disclosure in respect of the Committee's assessment will be provided in next year's Remuneration Report. Other than for a material role change, 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).

Annual bonus

Annual bonus potential will be capped at 150% of salary for the year ending 31 March 2020.

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 2020.

The remaining 125% of salary will be measured against financial, operational, real estate and strategic targets measured over the financial year ending 31 March 2020. Any award under this part will be deferred into Big Yellow shares for three years (with vesting subject to continued employment).

Governance (continued)

Remuneration Report (continued)

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 Directors annually, over shares equal to 100% of salary. The performance conditions for awards intended to be granted to Executive Directors in 2019 are as follows:

- 70% adjusted EPS – adjusted EPS growth of RPI+3% p.a. for 25% of this element of the award to vest with full vesting occurring for adjusted EPS growth of RPI+8% p.a.; and
- 30% – relative TSR performance vs. FTSE Real Estate Index with 25% of this element of the award vesting for median TSR comparative performance and full 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 2020 have been increased by 2.75% (in line with the general workforce increase) to £41,100. The increment for Committee Chairs and additional responsibilities has been increased to £10,000 for the year ending 31 March 2020, to reflect current time commitments.

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 2019.

Year ended 31 March 2019

	Salary £		Taxable benefits[1] £		Annual bonus – cash £		Annual bonus – deferred £		Long term incentives[3] £		Pensions[2] £		Total £	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Nicholas Vetch	**315,000**	275,200	**4,974**	5,120	**32,130**	35,501	**322,383**	–	**358,253**	1,328,117	**31,500**	41,280	**1,064,240**	1,685,218
James Gibson	**350,000**	302,000	**4,974**	5,120	**35,700**	38,958	**358,203**	–	**398,605**	1,786,688	**35,000**	45,300	**1,182,482**	2,178,066
Adrian Lee	**250,000**	223,700	**4,184**	4,313	**25,500**	28,857	**255,859**	–	**302,564**	1,253,430	**25,000**	33,555	**863,107**	1,543,855
John Trotman	**260,000**	223,700	**1,884**	1,806	**26,520**	28,857	**266,094**	–	**291,212**	1,250,216	**26,000**	33,555	**871,710**	1,538,134
Total	**1,175,000**	1,024,600	**16,016**	16,359	**119,850**	132,173	**1,202,539**	–	**1,350,634**	5,618,451	**117,500**	153,690	**3,981,539**	6,945,273

1. Taxable benefits comprise medical cover, permanent health insurance, life insurance and private fuel usage.
2. 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.
3. The values shown in long term incentives in the current year are as follows:
   - the LTIP award granted in 2015 which vested on 21 July 2018 to 100% of its maximum value and is valued using the share price on that date of 940p. The award granted for 2019 is 100% of salary for each Executive Director; and
   - for James Gibson and Adrian Lee, Sharesave awards which matured in the financial year.

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 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 Directors' received a cash bonus of 10.2% 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 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	49	3	3	2	1	17	75
Average bonus paid	0%	0.9%	2.4%	5.5%	4.6%	12.1%	3.2%

Additionally, 14 stores were awarded bonuses for averaging 85% occupancy and above earning a total weighted average bonus of 0.7%. The weighted average bonus paid to stores for performance against occupancy targets is therefore 3.9% 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	Total
No of stores	40	12	11	5	7	75	75
Average bonus paid	0%	1.8%	2.8%	5.0%	8.0%	1.9%	3.2%

The weighted average bonus paid to stores for performance against profitability targets is therefore 1.9% 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 54 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 1.4% of salary.

Governance (continued)

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	23	52	75
Average bonus paid	0%	1.5%	1.0%

The weighted average bonus paid to stores for performance against net promoter scores is therefore 1.0% of salary for the year.

The bonus paid to stores for individual customer service awards amounted to a further 2.0% of salary, which, combined with the net promoter score, amounted to a weighted average bonus paid to the stores for customer satisfaction of 3.0% 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	38%	3.9%
2. Profitability	19%	1.9%
3. Store audits	14%	1.4%
4. Customer satisfaction	29%	3.0%
Total	100%	10.2%

In line with the Remuneration Policy an award of 10.2% of salary has therefore also been paid to the Executive Directors for the year, which equated to the following payments:

- Nicholas Vetch – £32,130
- James Gibson – £35,700
- Adrian Lee – £25,500
- John Trotman – £26,520

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

This is the first 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 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%	<2	2-2.5	2.5-3	>3	2.2 ppts	50%
2. Average net rent per sq ft growth (%)						
Weight: 12.5%	<1.75	1.75-2.25	2.25-2.75	>2.75	2.9%	100%
3. Revenue (£m)						
Weight: 17.5%	<123	123-124	124-125.0	>125.0	£125.4m	100%
4. Operating Profit (£m)						
Weight: 15%	<75	75-75.75	75.75-76.5	>76.5	£76.7m	100%
5. EPS (pence)						
Weight: 17.5%	<40.4	40.4-41.2	41.2-41.9	>41.9	41.4p	75%
6. NPS						
Weight: 5%	<72	72-76	76-80	>80	79.1	75%
7. Staff Turnover (%)						
Weight: 5%	>33	33-32	32-31	<31	31.6%	75%

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 against the top 59 self storage operators by Experian Hitwise, at on average greater than 30%		The Group's average market share online during the year was 28%.	0%
9. Property Acquisitions Weight: 5%	Seek to acquire at least two sites for new stores in the year (excluding Uxbridge and Hove), which complement the existing portfolio and which are consistent with the Group's strategy and long-term plans		New sites acquired in the year in North Kingston, Hayes, Wembley and Queensbury	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 obtained at Bracknell and Battersea	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	50%	12.5%	6.25%
Average net rent growth	100%	12.5%	12.5%
Revenue	100%	17.5%	17.5%
Operating profit	100%	15%	15%
EPS	75%	17.5%	13.125%
NPS	75%	5%	3.75%
Staff turnover	75%	5%	3.75%
Online market share	0%	5%	0%
Property acquisitions	100%	5%	5%
Planning consents	100%	5%	5%
Total		**100%**	**81.875%**

The above performance assessment of 81.875% translates into the following awards for each of the Executive Directors:

Director	Value of award
Nicholas Vetch	£322,383
James Gibson	£358,203
Adrian Lee	£255,859
John Trotman	£266,094

The number of shares will be calculated by reference to the closing share price on the date of grant, which will be after the Company's Preliminary Announcement in May 2019. The awards will vest three years after the date of grant of each award.

Governance (continued)

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 2015 award which vested in 2018, 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%	14.0% adjusted EPS growth, compared to 10.7% (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 34 in comparator group of companies in the FTSE Real Estate Index	100%
Total	**100%**					**100%**

The full vesting of the 2015 LTIP award in 2018, equated to the following value for the Executive Directors based on the share price at the date of vesting:

- Nicholas Vetch – £358,253 (38,112 shares)
- James Gibson – £392,929 (41,801 shares)
- Adrian Lee – £291,212 (30,980 shares)
- John Trotman – £291,212 (30,980 shares)

LTIP awards granted in year ended 31 March 2019 (Audited)

The table below sets out the details of the long term incentive awards granted in the year ended 31 March 2019 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	£315,000	25%	100%	19 July 2021	Adjusted EPS growth and relative TSR
James Gibson			£350,000				
Adrian Lee			£250,000				
John Trotman			£260,000				

[1] The face value of the award is calculated using the average share price three days prior to the grant date of 19 July 2018 (average share price of 968.5 pence).

LTIP awards granted in year ended 31 March 2019 (Audited) (continued)

The performance conditions applicable to the awards granted in July 2018 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 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. Three of the Executive Directors participated in the scheme during the financial year. The details of the Sharesave scheme options are shown on page 91.

Pension entitlements

The Company pays pension contributions into the Executive 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 2019, the Company contribution was 10% of salary for the Executive 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 2019 (2018: 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 2019 (2018: 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 2019.

	2019	2018
Tim Clark	13,704[4]	44,200
Richard Cotton	45,100	44,200
Georgina Harvey	45,100	44,200
Steve Johnson	40,000	39,200
Anna Keay	40,000	3,267[1]
Vince Niblett	45,100	36,833[2]
Mark Richardson	–	13,442[3]
Total	229,004	225,342

[1] from appointment on 1 March 2018
[2] from appointment on 1 June 2017
[3] until retirement on 20 July 2017
[4] until retirement on 19 July 2018

Non-Executive Directors received no taxable benefits for the year ended 31 March 2019.

Governance (continued)

Remuneration Report (continued)

Fees retained for external non-executive directorships

The Executive Directors' contracts do not allow them to engage in any other business outside the Group except where prior written consent from the Board is received. The Company recognises that Executive Directors may be invited to become Non-Executive Directors of other companies and that this can help broaden the skills and experience of a Director. Executive Directors are normally permitted to accept external appointments with the approval of the Board and may retain the fees for the appointment.

Nicholas Vetch is a Non-Executive Director of The Local Shopping REIT plc for which he receives a fee of £30,000 per annum. James Gibson is a Non-Executive Director of AnyJunk Limited and of Moby Self Storage in Brazil; he does not receive any fees for his services.

Statement of Directors' shareholding (Audited)

The Executive Directors are required to build and maintain a holding of two times base salary. These requirements have been met by all Executive 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).

No changes took place in the interests of the Directors in the shares of the Company between 31 March 2019 and the date of this report.

The table below shows, in relation to each Director, the total number of shares and share options in which they have an interest.

Executive Director	Share ownership requirement (multiple of salary)	Share ownership requirements met	Holding as multiple of March 2019 salary	Beneficially owned shares	LTIP awards subject to performance conditions	Unexercised Sharesave options	Options exercised in the financial year
Nicholas Vetch	2x	Yes	225x	7,154,944	105,533	2,400	38,112
James Gibson	2x	Yes	71x	2,507,213	116,245	4,012	41,801
Adrian Lee	2x	Yes	34x	869,232	85,157	5,360	30,980
John Trotman	2x	Yes	9x	231,037	86,190	2,665	30,980

Post-Employment Shareholding Policy

Following the publication of the new UK Corporate Governance Code, the Remuneration Committee has formalised its post cessation shareholding policy for Executive Directors 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	92,284
Georgina Harvey	18,518
Steve Johnson	10,000
Vince Niblett	3,000
Anna Keay	–

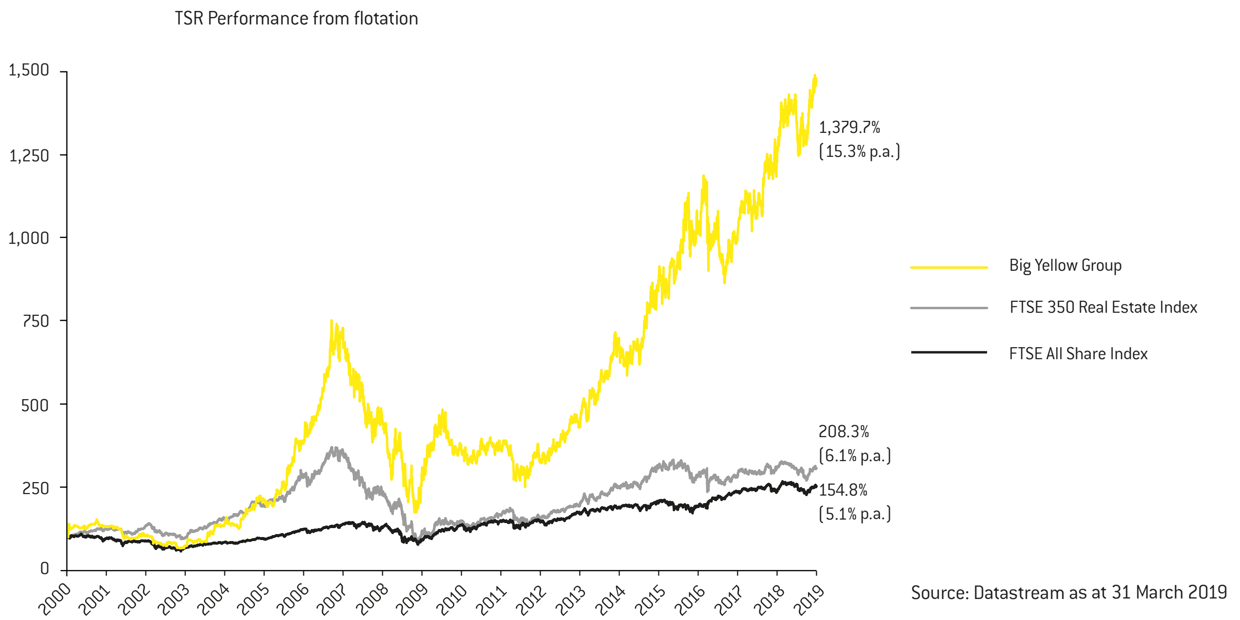
Directors' share awards (Audited)

To provide further context on the shareholding of the Executive 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 2018	Granted during the year	Exercised during the year	Lapsed during the year	No. of shares under option at 31 March 2019	Exercise price	Market price at date of exercise	Date from which first exercisable	Expiry Date
Nicholas Vetch	21 July 2015	LTIP	38,112	–	(38,112)	–	–	nil p	951.69p	21 July 2018	20 July 2025
	22 July 2016	LTIP	37,420	–	–	–	37,420	nil p	–	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
James Gibson	21 July 2015	LTIP	41,801	–	(41,801)	–	–	nil p	951.69p	21 July 2018	20 July 2025
	14 March 2016	SAYE	1,480	–	–	–	1,480	608.0p	–	1 April 2019	1 October 2019
	22 July 2016	LTIP	41,054	–	–	–	41,054	nil p	–	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
	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
Adrian Lee	21 July 2015	LTIP	30,980	–	(30,980)	–	–	nil p	951.69p	21 July 2018	20 July 2025
	14 March 2016	SAYE	2,960	–	–	–	2,960	608.0p	–	1 April 2019	1 October 2019
	22 July 2016	LTIP	30,416	–	–	–	30,416	nil p	–	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
John Trotman	21 July 2015	LTIP	30,980	–	(30,980)	–	–	nil p	951.69p	21 July 2018	20 July 2025
	22 July 2016	LTIP	30,416	–	–	–	30,416	nil p	–	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

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.



Source: Datastream as at 31 March 2019

Governance (continued)

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 %
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%
2010	875,593	40% (10% of salary)	n/a	100%

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 2019 compared with 2018	
	CEO	Employees
Salary and fees	16%	3%
All taxable benefits	(3%)	0%
Annual bonuses	(9%)	(20%)

The Group will publish its CEO pay ratio next year in accordance with the new UK Corporate Governance Code.

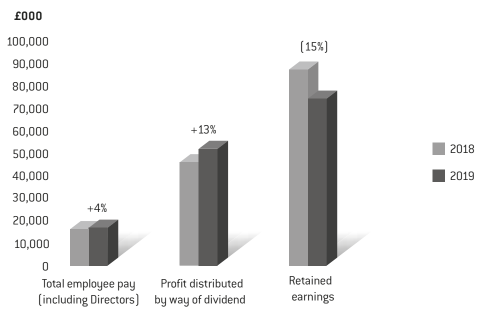
Statement of consideration of employment conditions elsewhere in the Group

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 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 2019 and 31 March 2018 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 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 26% (2018: 26%), with a median gap of 7% (2018: 10%). Excluding Executive Directors (three of whom were founders of the business), the mean gender pay gap falls to 12% (2018: 12%) with a median gap of 6% (2018: 9%). All staff are paid equally according to job role.

The Group recognises that its success stems from attracting the right people and creating a diverse and gender balanced workforce, which not only reflects the communities in which the Group operates but also ensures a fully motivated and engaged team. The Group will ensure that every policy and practice encourages inclusive ways of working, in line with the Big Yellow culture.

Flexible working is promoted across the organisation, with a number of Head Office employees being home-based, others working flexibly from home and all employees being able to work from any location within the business.

The family friendly policies include enhanced maternity, paternity and adoption pay and the Group's parental leave policy encourages both men and women to share childcare commitments. The Group has also introduced a specific return to work programme for employees returning from maternity leave.

The Group will continue to recruit based on merit and ensure that recruitment processes are bias free. The Group has recently recruited a female at senior management level to replace a position previously held by a male employee and will continue to endeavour to increase the number of women in all senior positions.

Since we published our first Gender Pay Gap Report last year, gender has continued to be a focus of our diversity and inclusion efforts. During the year we ran a series of Diversity and Inclusion workshops for our Directors and Management which identified some key action areas across the business. We introduced improvements to our family friendly policies, ensuring that they are more easily accessible and we provided our line managers with additional tools and resources to support their employees. We have also continued to focus on the hiring and progression of women across the business, continuing to review our recruitment practices and encouraging more women to take part in our management development programmes. In 2018 35% of participants were women compared to 30% in 2017. We are pleased to see this positive trend continue into 2019 when we have seen a significant increase to 69%. In addition, over half of the Store Managers appointed in 2018 were women compared to fewer than 25% in 2017.

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 new Combined 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 £21,000.

Approval

This policy report was approved by the Board of Directors on 20 May 2019 and signed on its behalf by

Georgina Harvey
Remuneration Committee Chair

AUDIT COMMITTEE REPORT

Member	Number of meetings attended
Tim Clark* – Member	○
Richard Cotton – Member	○○○
Georgina Harvey – Member	○○○
Steve Johnson – Member	○○○
Anna Keay – Member	○○○
Vince Niblett – Chairman	○○○

* Tim Clark retired from the Board on 19 July 2018.

○ attended

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 and the UK Corporate Governance Code. 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.

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
- developing and implementing a policy on the engagement of the external auditor to supply non-audit services, taking into account relevant guidance regarding the provision of non-audit services by the external audit firm.

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.

Vince Niblett
Audit Committee Chairman

Committee Members and Attendance

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 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;
- 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 2019 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;
- assessed the effectiveness of the external auditor;
- considered the nature and extent of interaction with the FRC's Corporate Reporting Review team;
- considered the need for an internal audit function;
- 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 service was introduced;
- met the Group's external valuers;
- 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 2019 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 2019 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. The Chairman of the Committee met the external valuers to discuss the valuations, review the key judgements and discussed whether there were any disagreements with management. This year the Committee reviewed and challenged the valuers on the cap rates, rental growth assumptions and stabilised occupancy levels, to agree on the appropriateness of the assumptions adopted. The Committee also 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 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.

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 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.

Governance (continued)

Audit Committee Report (continued)

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.

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 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. Where non-audit services are provided, the fees are based on the work undertaken and are not success related.

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. They 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 2019, the auditor's remuneration comprised £215,000 for audit work and £33,000 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 16% of audit fees in 2018 and 45% in 2017 (with the 2017 fees payable to the predecessor auditor Deloitte LLP).

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 42.

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, the construction programme was assessed by an external consultant in 2016 with satisfactory results. During the current 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

20 May 2019

Governance (continued)

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 2019. The Report on Corporate Governance on pages 66 to 71 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 16.5 pence per share for the year (2018: 15.5 pence per ordinary share). An interim dividend of 16.7 pence per share was paid in the year (2018: 15.3 pence per share).

A Property Income Distribution of 29.2 pence is payable for the year, of which 16.7 pence per share was paid with the interim dividend, and 12.5 pence per share was proposed for the final dividend.

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

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

Companies Act 2006; Climate Change, the GHG Emissions Director's Reports Regulations 2013

From October 2013, all listed companies are required to report annual quantities of GHG emissions (measured as Carbon Dioxide Equivalent (CO_2e)) as follows:

- **Scope 1** – significant direct emission sources, such as our flexi-office gas heating, air conditioner coolant replacement and one Company van diesel fuel emissions;
- **Scope 2** – significant indirect or offsite power station electricity supply emissions to our stores; and
- **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).

Summary of Scope 1 and 2 Total Carbon Footprint (GHG carbon equivalent emissions (tCO_2e))

Including electricity, gas, coolant and van diesel from our store and non-store portfolio

Year	2016	2017	2018	2018 restated[1]	**2019**
GHG Scope 1 and 2 total tonnes CO_2e (tCO_2e)	4,456.2	4,126.9	3,520.5	3,340.0	2,853.9
Scope 3 Electricity Transmission Losses and employee business travel (tCO_2e)	355	357	312	Not restated	134
GHG Intensity: kg CO_2e/ Annual Revenue £000	40.0	37.8	30.1	28.6	22.8
GHG Intensity: kg CO_2e/ Annual Revenue £	0.04	0.04	0.03	0.028	0.023
GHG Intensity: kg CO_2e/ Customer Occupancy m^2	14.6	12.7	10.2	9.7	8.0
GHG Intensity: kg CO_2e/ Current Lettable Area ('CLA') m^2	n/a	n/a	n/a	7.8	6.6

Note: Our materiality threshold for carbon emissions is > 1%

[1] Data has been restated due to the improved application of DEFRA factors, see the Basis of Reporting document for further information

For our full Environmental reporting against EPRA KPIs, please see our annual CSR report 2018/19 and our Basis of Reporting document 2018/19. 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 66.

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 890,283 shares to satisfy the exercise of share options (2018: 687,707).

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:

Tim Clark	Non-Executive Director (resigned 19 July 2018)
Richard Cotton	Senior Independent Director
James Gibson	Chief Executive Officer
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 64.

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.

Governance (continued)

Directors' Report (continued)

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 2019 and 20 May 2019.

	No. of ordinary shares 31 March 2019	Percentage of voting rights and issued share capital 31 March 2019	No. of ordinary shares 20 May 2019	Percentage of voting rights and issued share capital 20 May 2019
Blackrock Inc	17,527,893	10.5%	17,402,137	10.4%
Standard Life Aberdeen	10,249,925	6.2%	10,419,299	6.3%
Merian Global Investors Limited	8,609,871	5.2%	8,483,281	5.1%
The Vanguard Group Inc	6,472,347	3.9%	6,537,719	3.9%
FMR LLC	5,715,446	3.4%	5,454,196	3.4%
Cohen & Steers Inc	5,199,413	3.1%	5,743,462	3.5%
Ameriprise Financial Inc	5,117,681	3.1%	n/a	n/a

Ameriprise Financial Inc's holding at 20 May 2019 was below 3%. The interest of the Directors in the share capital of the Company is shown on page 90 of the Remuneration Report.

Purchase of own shares

The Company was granted authority at the AGM in 2018 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. 50% 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 respect of each Director of the Company, at the date when this report was approved, to the best of their knowledge and belief:

- so far as each Director is 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 might have reasonably been expected to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor 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

20 May 2019

Statement of Directors' Responsibilities

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the 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 and reliable;
- 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 20 May 2019 and is signed on its behalf by:

James Gibson
Chief Executive Officer

John Trotman
Chief Financial Officer

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

KPMG

1. Our opinion is unmodified

We have audited the financial statements of Big Yellow Group PLC ("the Company") for the year ended 31 March 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Balance Sheets, Consolidated and Company Statements of Changes in Equity, Consolidated Cash Flow Statement, 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 31 March 2019 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 (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework and as applied in accordance with the provisions of the Companies Act 2006; 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 two financial years ended 31 March 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: Group financial statements as a whole		£10.5m (2018: £9.5m) 0.69% (2018: 0.69%) of Total Assets
Coverage		100% (2018:100%) of Total Assets
Key audit matters		**vs 2018**
Event driven	The impact of uncertainties due to the UK exiting the European Union on our audit	▲
Recurring risks	Valuation of Investment Property, including Investment Property Under Construction	◀▶
	Parent Company: Amounts owed by Group Undertakings	◀▶

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

2. 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 in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
The impact of uncertainties due to the UK exiting the European Union on our audit	**Unprecedented levels of uncertainty** All audits assess and challenge the reasonableness of estimates, in particular as described in Valuation of Investment Property, including Investment Property under Construction below, and related disclosures and the appropriateness of the going concern basis of the preparation of the financial statements (see below). All of these depend on assessments of the future economic environment of the Group's future prospects and performance. In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure in the viability statement and to consider the Directors' statement and 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. Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.	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: • **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 analyses** – 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. **Our results** 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, and disclosures in relation to going concern to be acceptable. 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.

	The risk	Our response
Valuation of Investment Property, including Investment Property under Construction Investment Property £1,354.4m (2018: £1,245.1m) Investment Property Under Construction £91.1m (2018: £58.2m) *Refer to page 95 (Audit Committee Report), note 2 (accounting policy) and note 15 (financial disclosures).*	**Subjective Valuation:** Investment property valuation is a significant and key risk of material misstatement as the valuation process is subjective and inherently judgemental in nature. 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. The Group employs external valuers to apply professional judgment concerning market conditions and factors impacting individual properties. The investment market for prime self storage is subject to market uncertainty due to the low volume of comparable transactions. The effect of these matters is that, as part of our risk assessment, we determined that fair value of investment property, including investment property under construction has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 15) disclose the sensitivity estimated by the Group.	Our procedures included: • **Assessing valuer's credentials:** We assessed the external valuer's 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 store occupancy and net rental income by physically inspecting a sample of storage units and reviewing 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 tested 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 contracts. We also obtained evidence that planning permission had been obtained for development sites. • **Assessing transparency:** We assessed the Group's disclosures discussing the investment property and investment property under construction valuation and their sensitivities. **Our results** • We found the valuation of investment property and investment property under construction to be acceptable (2018: acceptable).

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

	The risk	Our response
Amounts owed by Group Undertakings £593.1m (2018: £470.6m) *Refer to note 2 (accounting policy) and note 31 (financial disclosures).*	**Low risk, high value:** The carrying amount of the intra-group debtor balance represents 96% of the Company's total assets at 31 March 2019. 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.	Our procedures included: • **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. **Our results** • We found the assessment of the recoverability of the Group debtor balance to be acceptable (2018: acceptable).

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £10.5m (2018: £9.5m), determined with reference to a benchmark of total assets (of which it represents 0.69% (2018: 0.69%)).

In addition, we applied materiality of £3.25m (2018: £3.0m) 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 £4.8m (2018: £4.9m) , determined with reference to a benchmark of total assets, of which it represents 0.78% (2018: 0.99%).

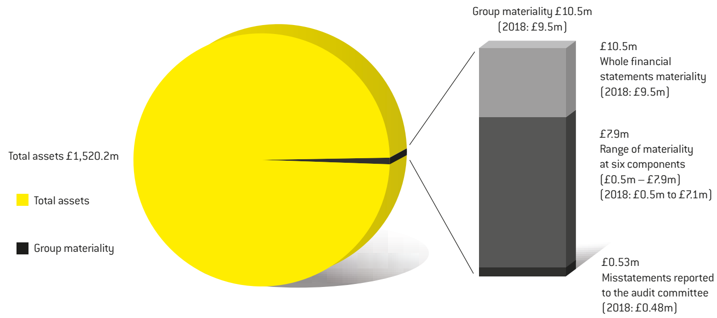
We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £525,000 (2018: £475,000) and those relating to Balance Sheet classifications exceeding £2.0m (2018: £1.0m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 19 (2018: 22) components, we subjected six (2018: six) to full scope audits for Group purposes. These Group procedures covered 100% (2018: 99%) of total Group revenue; 100% (2018: 99%) of the total profits and losses that made up group profit before tax; and 100% (2018:100%) of total Group assets.

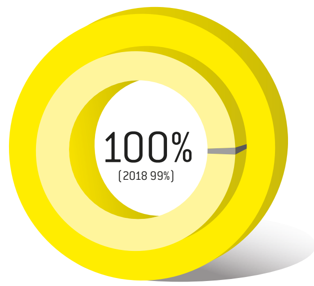
The remaining 0% (2018: 1%) of total Group revenue, 0% (2018: 1%) of the total profits and losses that made up Group profit before tax and 0% (2018: 0%) of total Group assets is represented by 13 (2018: 16) reporting components, none of which individually represented more than 0% (2018: 1%) of any of total Group revenue, total profits and losses that made up Group profit before tax or total Group assets. For the residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The work on all the components, including the audit of the parent Company, was performed by the Group team at the head office in Bagshot, Surrey.

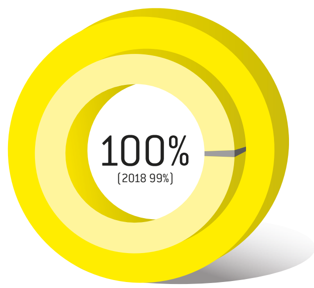
The Group team used component materialities, which ranged from £0.5m to £5.8m (2018: £0.5m to £7.1m), having regard to the mix of size and risk profile of the Group across the components.



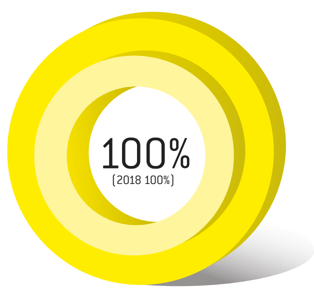
Group Revenue



Total profits and losses that made up group profit before tax



Group total assets



Full scope for group audit purposes 2019
Residual components
Full scope for group audit purposes 2018

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

4. 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 impact of Brexit and the erosion of customer or supplier confidence, which could result in a rapid reduction of available financial resources.

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 45 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.

5. 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 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 45 that they have carried out a robust assessment of the 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.

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.

6. 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.

7. 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.

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 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.

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

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.

8. 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
Arlington Business Park, Theale, RG7 4SD

20 May 2019

Consolidated Statement of Comprehensive Income

Year ended 31 March 2019

		Note	2019 £000	2018 £000
Revenue		3	**125,414**	116,660
Cost of sales			**(38,145)**	(35,674)
Gross profit			**87,269**	80,986
Administrative expenses			**(10,607)**	(10,065)
Operating profit before gains on property assets			**76,662**	70,921
Gain on the revaluation of investment properties		14a,15	**58,898**	71,635
Gain on part disposal of investment property		14a	**–**	650
Operating profit			**135,560**	143,206
Share of profit of associates		14d	**2,327**	1,370
Investment income	– interest receivable	7	**167**	244
	– fair value movement on derivatives	7, 18	**–**	1,294
Finance costs	– interest payable	8	**(10,076)**	(11,975)
	– fair value movement on derivatives	8	**(1,123)**	–
Profit before taxation			**126,855**	134,139
Taxation		9	**(355)**	(597)
Profit for the year (attributable to equity shareholders)		5	**126,500**	133,542
Total comprehensive income for the year (attributable to equity shareholders)			**126,500**	133,542
Basic earnings per share		12	**78.3p**	85.0p
Diluted earnings per share		12	**78.0p**	84.4p

EPRA earnings per share are shown in Note 12.

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

Consolidated Balance Sheet

Year ended 31 March 2019

	Note	2019 £000	2018 £000
Non-current assets			
Investment property	*14a*	**1,354,430**	1,245,142
Investment property under construction	*14a*	**91,115**	58,157
Interests in leasehold property	*14a*	**18,774**	22,929
Plant, equipment and owner-occupied property	*14b*	**2,939**	3,092
Intangible assets	*14c*	**1,433**	1,433
Investment in associates	*14d*	**11,053**	9,276
Capital Goods Scheme receivable	*16*	**1,332**	2,385
Derivative financial instruments	*18c*	**581**	1,704
		1,481,657	1,344,118
Current assets			
Inventories		**282**	283
Trade and other receivables	*16*	**20,356**	18,586
Cash and cash equivalents		**17,902**	6,853
		38,540	25,722
Total assets		**1,520,197**	1,369,840
Current liabilities			
Trade and other payables	*17*	**(41,649)**	(36,828)
Borrowings	*19*	**(2,598)**	(2,474)
Obligations under finance leases	*21*	**(1,625)**	(2,061)
		(45,872)	(41,363)
Non-current liabilities			
Borrowings	*19*	**(333,279)**	(326,461)
Obligations under finance leases	*21*	**(17,149)**	(20,868)
		(350,428)	(347,329)
Total liabilities		**(396,300)**	(388,692)
Net assets		**1,123,897**	981,148
Equity			
Share capital	*22*	**16,667**	15,857
Share premium account		**111,514**	46,362
Reserves		**995,716**	918,929
Equity shareholders' funds		**1,123,897**	981,148

The financial statements were approved by the Board of Directors and authorised for issue on 20 May 2019. They were signed on its behalf by:

James Gibson
Director

John Trotman
Director

Company Registration No. 03625199

Consolidated Statement of Changes in Equity

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 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 2018

	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 2017	15,788	45,462	74,950	1,795	753,374	(1,019)	890,350
Total comprehensive income for the year	–	–	–	–	133,542	–	133,542
Issue of share capital	69	900	–	–	–	–	969
Dividend	–	–	–	–	(46,183)	–	(46,183)
Credit to equity for equity-settled share based payments	–	–	–	–	2,470	–	2,470
At 31 March 2018	15,857	46,362	74,950	1,795	843,203	(1,019)	981,148

Consolidated Cash Flow Statement

Year ended 31 March 2019

	Note	2019 £000	2018 £000
Cash generated from operations	*26*	**81,997**	73,457
Interest paid		**(10,021)**	(9,724)
Interest received		**25**	13
Tax paid		**(195)**	(769)
Cash flows from operating activities		**71,806**	62,977
Investing activities			
Purchase of non-current assets		**(83,038)**	(41,959)
Proceeds on part disposal of investment property		**–**	650
Receipts from Capital Goods Scheme		**1,876**	2,786
Investment in associate	*14d*	**–**	(900)
Dividend received from associates	*14d*	**550**	446
Cash flows from investing activities		**(80,612)**	(38,977)
Financing activities			
Issue of share capital		**65,962**	969
Payment of finance lease liabilities		**(1,075)**	(1,109)
Equity dividends paid	*11*	**(52,058)**	(46,183)
Payment to cancel interest rate derivative		**–**	(3,374)
Increase in borrowings		**7,026**	25,644
Cash flows from financing activities		**19,855**	(24,053)
Net increase/(decrease) in cash and cash equivalents		**11,049**	(53)
Opening cash and cash equivalents		**6,853**	6,906
Closing cash and cash equivalents		**17,902**	6,853

Notes to the Financial Statements

Year ended 31 March 2019

1. GENERAL INFORMATION

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 27.

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 mandatory 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 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
Amendments to IFRS 2	Clarifying the classification and measurement of share based payment transactions
Amendments to IAS 40	Relating to the transfer of investment property

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 16	Leases (will be effective for the Group's financial year ending 31 March 2020)
Amendments to IFRS 3	Business combinations (will be effective for the Group's financial year ending 31 March 2021)

Certain Standards which might have an impact are discussed below.

IFRS 9 Financial Instruments (effective from 1 January 2018)

On 1 April 2018, the Group adopted IFRS 9 Financial Instruments ("IFRS 9"). The standard applies to the classification and measurement of financial assets and liabilities, impairment provisioning and hedge accounting. The standard also introduced an expected credit losses model, which replaced the incurred loss impairment model. The changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively. The adoption, however, has not had a material impact on the recognition and measurement of income and costs in the Statement of comprehensive income or of assets and liabilities on the Balance Sheet. The Group has not identified any significant changes in how it accounts for financial assets or liabilities under IFRS 9. The Directors have assessed the impact of impairment losses recognised for trade receivables under IFRS 9 at 31 March 2019 based on actual losses experienced over the past five years and consider the impact to the Group's bad debt provision to be immaterial. The Group does not apply hedge accounting.

There have been incremental disclosures included in this Annual Report, as required by IFRS 9.

IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018)

On 1 April 2018, the Group adopted IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). The requirements of the standard have been applied retrospectively to each prior reporting period presented in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. Applying IFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Prior to its adoption, and as disclosed in the Group's Annual Report for the year ended 31 March 2018, the Group completed a detailed review of the requirements of IFRS 15 against its current accounting policies. The Group concluded that there was no material change in the amounts and timing of revenue recognised following the adoption of the standard and no transition adjustments have been made. In making this assessment, the Group considered its timing of revenue recognition based on discrete performance obligations, accounting for opening offer discounts and principal versus agent relationships. Each customer licence agreement is terminable on seven days' notice by the customer at any time and in specific circumstances by the Group. Each licence has a discrete performance obligation with revenue recognised from day one. The opening offer discount and principal versus agent relationship were also assessed under IFRS 15 and the accounting for these have remained unchanged.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018) (continued)

Refer to note 3 for the disclosure of revenue. The Group's accounting policy for revenue remains unchanged.

Amendments have also been made to IFRS 2 (Share Based Payments) and IAS 40 Investment Property. These were effective from 1 January 2018 and adopted by the Group on 1 April 2018. The impact on the Group from adopting these amendments is immaterial.

IFRS 16 – Leases

IFRS 16 results in almost all leases being recognised on the balance sheet for a lessee, as the distinction between operating and finance leases is removed. The standard is applicable for financial years commencing on or after 1 January 2019, and hence the year ending 31 March 2020 will be the first applicable year for the Group.

Under the standard, an asset, representing the right to use the leased item, and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The new standard changes the allocation of the finance lease payments over the length of the lease, resulting in the rental payments paid being more front ended in the statement of comprehensive income. The accounting for lessors will not significantly change.

The Group already classifies its leasehold stores as finance leases. The Group acquired the freehold of its New Malden store in January 2019. The statement of comprehensive income charge for the remaining leases in the year was £1.7 million. On adopting IFRS 16, the changes in the way the standard allocates the finance lease payments increases the rent charge in the first year of adoption by £0.4 million to £2.1 million. The Group has a limited number of operating leases, with non-cancellable future lease payments of £1.1 million at 31 March 2019. These will be brought onto balance sheet on adoption of the standard in the year ending 31 March 2020.

Basis of accounting

The financial statements have been prepared on the historical cost basis, except for the revaluation of investment properties and derivative financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted, which have been applied consistently to the results, other gains and losses, assets, liabilities and cash flows of entities included in the consolidated financial statements in the current and preceding year, are set out below:

Going concern

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

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 31 March each year. Control is achieved where the Company has the power to direct the relevant activities of an investee entity so as to obtain benefits from its activities.

The Group consolidates the financial results and balance sheets of Big Yellow Group PLC and all of its subsidiaries at the year end using acquisition accounting principles. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. The results of subsidiaries acquired or disposed of during the year are included in the statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any costs directly attributable to the business combination are recognised in the statement of comprehensive income. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at the lower of their carrying amount and fair value less costs to sell (excluding investment property which is measured at fair value).

Notes to the Financial Statements (continued)

Year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Operating leases

Rentals payable under operating leases are 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 are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Non-recurring items of income and expenditure

Non-recurring items of income and expenditure are recognised on the basis that they are unusual in nature and large in scale.

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 2019

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 finance lease 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. Lease payments are apportioned between finance charges and a reduction of the outstanding lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

When the Group redevelops an existing investment property for continued future use as investment property, the property remains an investment property measured at fair value and is not reclassified.

Investment property under construction

Investment property under construction is initially recognised at cost and revalued at the balance sheet date to fair value as determined by professionally qualified external valuers.

Gains or losses arising from the changes in fair value of investment property under construction are included in the statement of comprehensive income in the period in which they arise.

Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets (excluding investment property and derivative financial instruments which are carried at fair value) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of an asset's net selling price and its value-in-use (i.e. the net present value of its future cash flows discounted at the Group's average pre-tax interest rate that reflects the borrowing costs and risk for the asset).

Inventories

Inventories, representing the cost of packing materials, are stated at the lower of cost and net realisable value.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets at 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Notes to the Financial Statements (continued)

Year ended 31 March 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, Cushman & Wakefield LLP, 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.

3. REVENUE

Analysis of the Group's operating revenue can be found below and in the Portfolio Summary on page 28.

	2019 £000	2018 £000
Open stores		
Self storage income	**104,072**	97,717
Insurance income	**13,019**	12,418
Packing materials income	**2,707**	2,716
Other income from storage customers	**1,420**	1,360
Ancillary store rental income	**492**	524
	121,710	114,735
Other revenue		
Non-storage income	**1,561**	950
Management fees earned	**2,143**	975
Total revenue	**125,414**	116,660

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.

Notes to the Financial Statements (continued)

Year ended 31 March 2019

5. PROFIT FOR THE YEAR

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

	Note	2019 £000	2018 £000
Depreciation of plant, equipment and owner-occupied property		**712**	729
Depreciation of interest in leasehold properties	*14a*	**1,075**	1,109
Gain on the revaluation of investment property		**(58,898)**	(71,635)
Profit on part disposal of investment property		**–**	(650)
Cost of inventories recognised as an expense		**1,057**	1,043
Employee costs (see note 6)		**16,910**	16,306
Operating lease rentals		**144**	127

b) Analysis of auditor's remuneration:

	2019 £000	2018 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**188**	156
Fess payable to the Company's auditor for the subsidiaries' annual accounts	**27**	32
Total audit fees	**215**	188
Audit related assurance services – interim review	**33**	30
Total non-audit fees	**33**	30

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 £51,000 (2018: £45,000) which all related to audit services.

6. EMPLOYEE COSTS

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

	2019 Number	2018 Number
Sales	**292**	284
Administration	**55**	51
	347	335

At 31 March 2019 the total number of Group employees was 395 (2018: 375).

	2019 £000	2018 £000
Their aggregate remuneration comprised:		
Wages and salaries	**12,009**	11,377
Social security costs	**2,025**	1,913
Other pension costs	**531**	546
Share-based payments	**2,345**	2,470
	16,910	16,306

Details of Directors' Remuneration is given on pages 74 to 93. The Directors are the only employees assessed as key management personnel.

7. INVESTMENT INCOME

	2019 £000	2018 £000
Bank interest receivable	**25**	13
Unwinding of discount on Capital Goods Scheme receivable	**142**	231
Total interest receivable	**167**	244
Change in fair value of interest rate derivatives	**–**	1,294
Total investment income	**167**	1,538

8. FINANCE COSTS

	2019 £000	2018 £000
Interest on bank borrowings	**9,926**	9,817
Capitalised interest	**(765)**	(360)
Interest on obligations under finance leases	**915**	992
Total interest payable	**10,076**	10,449
Refinancing costs	**–**	1,526
Fair value movement on derivatives	**1,123**	–
Total finance costs	**11,199**	11,975

The refinancing costs in the prior year related to the unamortised loan arrangement costs of the previous bank facility which was extinguished, and the write-off of the costs of the new bank facility per IAS 39.

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.

Finance (No.2) Bill 2015 provided that the rate of corporation tax for the 2017 Financial Year (commencing 1 April 2017) would be 19% and that the rate from 1 April 2020 will be 18%. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate (for all profits except ring fence profits) for the year starting 1 April 2020, setting the rate at 17%. This rate was incorporated in Finance Act 2016 which was fully enacted on 15 September 2016.

UK current tax	2019 £000	2018 £000
– Current year	**318**	546
– Prior year	**37**	51
	355	597

Notes to the Financial Statements (continued)

Year ended 31 March 2019

9. TAXATION (continued)

A reconciliation of the tax charge is shown below:

	2019 £000	2018 £000
Profit before tax	**126,855**	134,139
Tax charge at 19% (2018 – 19%) thereon	**24,102**	25,486
Effects of:		
Revaluation of investment properties	**(11,191)**	(13,734)
Share of profit of associates	**(338)**	(260)
Other permanent differences	**(1,645)**	(1,374)
Profits from the tax exempt business	**(10,025)**	(9,176)
Utilisation of brought forward losses	**–**	(11)
Movement on other unrecognised deferred tax assets	**(585)**	(385)
Current year tax charge	**318**	546
Prior year adjustment	**37**	51
Total tax charge	**355**	597

At 31 March 2019 the Group has unutilised tax losses of £34.2 million (2018: £34.2 million) available for offset against certain types of future taxable profits. All losses can be carried forward indefinitely.

10. ADJUSTED PROFIT

	2019 £000	2018 £000
Profit before tax	**126,855**	134,139
Gain on revaluation of investment properties – Group	**(58,898)**	(71,635)
– in associate (net of deferred tax)	**(1,605)**	(724)
Change in fair value of interest rate derivatives – Group	**1,123**	(1,294)
– in associate	**(10)**	(60)
Gain on part disposal of investment property	**–**	(650)
Refinancing costs	**–**	1,526
Share of associate acquisition costs written off	**–**	120
Adjusted profit before tax	**67,465**	61,422
Tax	**(355)**	(597)
Adjusted profit after tax	**67,110**	60,825

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

11. DIVIDENDS

	2019 £000	2018 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2018 of 15.5p (2017: 14.1p) per share.	**24,417**	22,107
Interim dividend for the year ended 31 March 2019 of 16.7p (2018: 15.3p) per share.	**27,641**	24,076
	52,058	46,183
Proposed final dividend for the year ended 31 March 2019 of 16.5p (2018: 15.5p) per share.	**27,319**	24,417

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

The Property Income Distribution ("PID") payable for the year is 29.2 pence per share (2018: 27.5 pence per share).

12. EARNINGS PER SHARE

	Year ended 31 March 2019			Year ended 31 March 2018		
	Earnings £m	Shares million	Pence per share	Earnings £m	Shares million	Pence per share
Basic	**126.5**	**161.5**	**78.3**	133.5	157.1	85.0
Dilutive share options	**–**	**0.6**	**(0.3)**	–	1.0	(0.6)
Diluted	**126.5**	**162.1**	**78.0**	133.5	158.1	84.4
Adjustments:						
Gain on revaluation of investment properties	**(58.9)**	**–**	**(36.3)**	(71.6)	–	(45.3)
Change in fair value of interest rate derivatives	**1.1**	**–**	**0.7**	(1.3)	–	(0.8)
Gain on part disposal of investment property	**–**	**–**	**–**	(0.6)	–	(0.4)
Refinancing costs	**–**	**–**	**–**	1.5	–	1.0
Share of associate non-recurring gains and losses	**(1.6)**	**–**	**(1.0)**	(0.7)	–	(0.4)
EPRA – diluted	**67.1**	**162.1**	**41.4**	60.8	158.1	38.5
EPRA – basic	**67.1**	**161.5**	**41.5**	60.8	157.1	38.7

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 2019

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 2019 £000	31 March 2018 £000
Basic net asset value	**1,123,897**	981,148
Exercise of share options	**1,609**	1,105
EPRA NNNAV	**1,125,506**	982,253
Adjustments:		
Fair value of derivatives	**(581)**	(1,704)
Fair value of derivatives – share of associate	**7**	17
Share of deferred tax in associates	**1,120**	794
EPRA NAV	**1,126,052**	981,360
Basic net assets per share (pence)	**678.9**	623.2
EPRA NNNAV per share (pence)	**673.9**	616.8
EPRA NAV per share (pence)	**674.2**	616.2
EPRA NAV (as above) (£000)	**1,126,052**	981,360
Valuation methodology assumption (see note 15) (£000)	**83,784**	77,706
Adjusted net asset value (£000)	**1,209,836**	1,059,066
Adjusted net assets per share (pence)	**724.4**	665.0

	No. of shares	No. of shares
Shares in issue	**166,665,158**	158,570,574
Own shares held in EBT	**(1,122,907)**	(1,122,907)
Basic shares in issue used for calculation	**165,542,251**	157,447,667
Exercise of share options	**1,468,145**	1,798,494
Diluted shares used for calculation	**167,010,396**	159,246,161

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

a) Investment property, investment property under construction and interests in leasehold property

	Investment property £000	Investment property under construction £000	Interests in leasehold property £000	Total £000
At 31 March 2017	1,154,390	36,115	23,601	1,214,106
Additions	8,147	33,012	–	41,159
Adjustment to present value	–	–	437	437
Transfer on opening of store	9,710	(9,710)	–	–
Revaluation (see note 15)	72,895	(1,260)	–	71,635
Depreciation	–	–	(1,109)	(1,109)
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**

The interest in leasehold properties represents the present value of minimum lease payments for leasehold properties – see note 21 for further details of the finance lease creditor.

During the year, the Group acquired the freehold of its New Malden store. The acquisition of the freehold causes an extinguishment of the interest in leasehold property which is shown as a credit in the table above.

During the prior year the Group sold land at its Richmond store to an adjoining landowner for £650,000. The valuation of the store was not impacted by this disposal, hence the full proceeds were recorded as profit on part disposal of investment property. This was eliminated from the Group's adjusted profit for the prior year.

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 28. Included within additions is £0.8 million of capitalised interest (2018: £0.4 million), calculated at the Group's average borrowing cost for the year of 2.9%. 56 of the Group's investment properties are pledged as security for loans, with a total external value of £1,111.2 million.

Notes to the Financial Statements (continued)

Year ended 31 March 2019

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	Total £000
Cost						
At 31 March 2017	2,189	97	649	32	1,431	4,398
Retirement of fully depreciated assets	–	(30)	(79)	–	(584)	(693)
Additions	8	7	121	–	469	605
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**
Depreciation						
At 31 March 2017	(409)	(50)	(265)	(7)	(451)	(1,182)
Retirement of fully depreciated assets	–	30	79	–	584	693
Charge for the year	(42)	(2)	(123)	(7)	(555)	(729)
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)**
Net book value						
At 31 March 2019	**1,741**	**50**	**324**	**11**	**813**	**2,939**
At 31 March 2018	1,746	52	382	18	894	3,092

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 2019 £000	31 March 2018 £000	**31 March 2019 £000**	31 March 2018 £000	**31 March 2019 £000**	31 March 2018 £000
At the beginning of the year	**5,730**	5,048	**3,546**	2,404	**9,276**	7,452
Subscription for capital	**–**	–	**–**	900	**–**	900
Share of results (see below)	**1,364**	937	**963**	433	**2,327**	1,370
Dividends	**(290)**	(255)	**(260)**	(191)	**(550)**	(446)
Share of net assets	**6,804**	5,730	**4,249**	3,546	**11,053**	9,276

14. NON-CURRENT ASSETS (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 2019 and 31 March 2018 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 2019 £000	Year ended 31 March 2018 £000	**Year ended 31 March 2019 £000**	Year ended 31 March 2018 £000
Statement of comprehensive income (100%)				
Revenue	**9,178**	8,188	**5,879**	4,576
Cost of sales	**(4,751)**	(4,247)	**(2,781)**	(1,919)
Administrative expenses	**(1,272)**	(282)	**(144)**	(136)
Operating profit	**3,155**	3,659	**2,954**	2,521
Gain on the revaluation of investment properties	**5,926**	3,264	**3,727**	1,196
Net interest payable	**(996)**	(938)	**(964)**	(813)
Acquisition costs written off	**–**	(375)	**–**	(227)
Fair value movement of interest rate derivatives	**48**	147	**2**	154
Deferred and current tax	**(1,314)**	(1,074)	**(904)**	(664)
Profit attributable to shareholders	**6,819**	4,683	**4,815**	2,167
Dividends paid	**(1,451)**	(1,275)	**(1,301)**	(957)
Retained profit	**5,368**	3,408	**3,514**	1,210
Balance sheet (100%)				
Investment property	**60,450**	53,176	**42,500**	38,205
Interest in leasehold properties	**1,385**	1,403	**2,929**	3,233
Other non-current assets	**1,196**	1,149	**2,051**	1,989
Current assets	**1,547**	1,177	**1,101**	1,480
Current liabilities	**(4,088)**	(2,842)	**(2,538)**	(2,367)
Derivative financial instruments	**(4)**	(52)	**(32)**	(34)
Non-current liabilities	**(26,468)**	(25,361)	**(24,769)**	(24,778)
Net assets (100%)	**34,018**	28,650	**21,242**	17,728
Group share				
Operating profit	**631**	732	**591**	504
Gain on the revaluation of investment properties	**1,185**	653	**746**	239
Net interest payable	**(199)**	(187)	**(193)**	(163)
Acquisition costs written off	**–**	(75)	**–**	(45)
Fair value movement of interest rate derivatives	**10**	29	**–**	31
Deferred and current tax	**(263)**	(215)	**(181)**	(133)
Profit attributable to shareholders	**1,364**	937	**963**	433
Dividends paid	**(290)**	(255)	**(260)**	(191)
Retained profit	**1,074**	682	**703**	242
Associates' net assets	**6,804**	5,730	**4,249**	3,546

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

Notes to the Financial Statements (continued)

Year ended 31 March 2019

15. VALUATION OF INVESTMENT PROPERTY

	Deemed cost £000	Revaluation on deemed cost £000	Valuation £000
Freehold stores			
At 31 March 2018	602,840	599,012	1,201,852
Transfer from investment property under construction	18,806	(4,261)	14,545
Transfer from leasehold stores	4,008	2,232	6,240
Movement in year	35,604	58,849	94,453
At 31 March 2019	**661,258**	**655,832**	**1,317,090**
Leasehold stores			
At 31 March 2018	16,577	26,713	43,290
Transfer to freehold stores	(4,008)	(2,232)	(6,240)
Movement in year	181	109	290
At 31 March 2019	**12,750**	**24,590**	**37,340**
Total of open stores			
At 31 March 2018	619,417	625,725	1,245,142
Transfer from investment property under construction	18,806	(4,261)	14,545
Movement in year	35,785	58,958	94,743
At 31 March 2019	**674,008**	**680,422**	**1,354,430**
Investment property under construction			
At 31 March 2018	66,726	(8,569)	58,157
Transfer to investment property	(18,806)	4,261	(14,545)
Movement in year	47,563	(60)	47,503
At 31 March 2019	**95,483**	**(4,368)**	**91,115**
Valuation of all investment property			
At 31 March 2018	686,143	617,156	1,303,299
Movement in year	83,348	58,898	142,246
At 31 March 2019	**769,491**	**676,054**	**1,445,545**

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 2019 by external valuers, Cushman & Wakefield ("C&W"). The valuation has been carried out in accordance with the RICS Valuation – Global Standards, published by The Royal Institution of Chartered Surveyors ("the Red Book"). 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 accounts 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, C&W have confirmed that:

- one of the members of the RICS who has been a signatory to the valuations provided to the Group for the same purposes as this valuation, has done so since September 2004. This is the third occasion on which the other member has been a signatory;
- C&W have been carrying out this annual valuation for the same purposes as this valuation on behalf of the Group since September 2004;
- C&W do not provide other significant professional or agency services to the Group;
- in relation to the preceding financial year of C&W, 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 C&W is a fixed amount per store, and is not contingent on the appraised value.

15. VALUATION OF INVESTMENT PROPERTY (continued)

Market uncertainty

C&W's valuation report comments on valuation uncertainty resulting from low liquidity in the market for self storage property. C&W note that in the UK since Q1 2015 there have only been fifteen transactions involving multiple assets and a further fifteen single asset transactions. C&W state that due to the lack of comparable market information in the self storage sector, there is greater uncertainty attached to their opinion of value than would be anticipated during more active market conditions.

Portfolio Premium

C&W's valuation report further 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 significantly. C&W state that in current market conditions they are of the view that there could be a material portfolio premium.

Assumptions

A. Net operating income is based on projected revenue received less projected operating costs together with a central administration charge of 6% of the estimated annual revenue subject to a cap and a collar. 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 four of the cash flow period, to an estimated stabilised/mature occupancy level. In the valuation the assumed stabilised occupancy level for the 74 trading stores (both freeholds and leaseholds) open at 31 March 2019 averages 84.7% (31 March 2018: 83.6%). The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The average time assumed for the 74 stores to trade at their maturity levels is 17 months (31 March 2018: 16 months).

C. The capitalisation rates applied to existing and future net cash flow have been estimated by reference to underlying yields for industrial and retail warehouse property, 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 74 stores is 6.4% (31 March 2018: 6.5%) rising to a stabilised net yield pre-administration expenses of 6.7% (31 March 2018: 6.9%). The weighted average exit capitalisation rate adopted (for both freeholds and leaseholds) is 6.2% (31 March 2018: 6.3%).

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 9.3% (31 March 2018: 9.4%).

E. Purchaser's costs in the range of circa 6.1% to circa 6.8% (see below) have been assumed initially, reflecting the progressive SLDT rates brought into force in March 2016 and sale plus purchaser's costs totalling circa 7.1% to 7.8% are assumed 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, except that no sale of the assets in the tenth year is assumed but the discounted cash flow is extended to the expiry of the lease. The average unexpired term of the Group's six short leasehold properties is 13.9 years (31 March 2018: 14.0 years unexpired).

Sensitivities

As noted in 'Significant judgements and key estimates' on page 121, 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	£52.5m	(£48.3m)	£19.2m	(£19.8m)

Notes to the Financial Statements (continued)

Year ended 31 March 2019

15. VALUATION OF INVESTMENT PROPERTY (continued)

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

C&W 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. C&W have allowed for holding costs and construction contingency, as appropriate. Eight schemes do not yet have planning consent and C&W have reflected the planning risk in their valuation.

Immature stores: value uncertainty

C&W have assessed the value of each property individually. However, three of the Group's stores are relatively immature and have low initial cash flows. C&W 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 C&W's comments above in relation to market uncertainty in the self storage sector due to the lack of comparable market transactions and information. The degree of uncertainty 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. C&W 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.

C&W 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. C&W 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, C&W 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 purchaser's cost of circa 6.1% to 6.8% of gross 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 C&W to carry out an additional valuation on the above basis, and this results in a higher property valuation at 31 March 2019 of £1,528.6 million (£83.1 million higher than the value recorded in the financial statements). The total valuations in the two Armadillo Partnerships performed by Jones Lang LaSalle are £3.6 million higher than the value recorded in the financial statements, of which the Group's share is £0.7 million. The sum of these is £83.8 million and translates to 50.2 pence per share. We have included this revised valuation in the adjusted diluted net asset calculation (see note 13).

16. TRADE AND OTHER RECEIVABLES

	31 March 2019 £000	31 March 2018 £000
Current		
Trade receivables	**4,528**	3,684
Capital Goods Scheme receivable	**1,195**	1,876
Other receivables	**307**	287
Prepayments and accrued income	**14,326**	12,739
	20,356	18,586
Non-current		
Capital Goods Scheme receivable	**1,332**	2,385

Trade receivables are net of a bad debt provision of £30,000 (2018: £14,000). The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

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

Trade receivables

The Group does not typically offer credit terms to its customers, requiring them to pay in advance of their storage period and hence the Group is not exposed to significant credit risk. A late charge of 10% is applied to a customer's account if they are greater 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 £302,000 (2018: £329,000) 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 20 days past due (2018: 21 days past due).

Ageing of past due but not impaired receivables

	2019 £000	2018 £000
1 – 30 days	**241**	264
30 – 60 days	**33**	30
60 + days	**28**	35
Total	**302**	329

Movement in the allowance for doubtful debts

	2019 £000	2018 £000
Balance at the beginning of the year	**14**	7
Amounts provided in year	**140**	114
Amounts written off as uncollectible	**(124)**	(107)
Balance at the end of the year	**30**	14

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.

Notes to the Financial Statements (continued)

Year ended 31 March 2019

16. TRADE AND OTHER RECEIVABLES (continued)

Ageing of impaired trade receivables

	2019 £000	2018 £000
1 – 30 days	**8**	–
30 – 60 days	**4**	2
60 + days	**18**	12
Total	**30**	14

17. TRADE AND OTHER PAYABLES

	31 March 2019 £000	31 March 2018 £000
Current		
Trade payables	**15,522**	12,739
Other payables	**9,319**	7,710
Accruals and deferred income	**16,808**	16,379
	41,649	36,828

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

18. FINANCIAL INSTRUMENTS

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

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

Exposure to credit, interest rate and currency risks arises 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:

	2019 £000	2018 £000
Debt	**(337,625)**	(330,599)
Cash and cash equivalents	**17,902**	6,853
Net debt	**(319,723)**	(323,746)
Balance sheet equity	**1,123,897**	981,148
Net debt to equity ratio	**28.4%**	33.0%

18. FINANCIAL INSTRUMENTS (continued)

B. Debt management

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

C. Interest rate risk management

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

At 31 March 2019 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:

	2019 £000	2018 £000
At 1 April	**1,704**	(2,964)
Fair value movement in the year	**(1,123)**	1,294
Cancellation of interest rate derivative	**–**	3,374
At 31 March	**581**	1,704

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

	Loans £000	**Finance leases £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 movements	–	3,080	(1,123)	1,957
At 31 March 2019	**(337,625)**	**(18,774)**	**581**	**(355,818)**

	Loans £000	Finance leases £000	Interest rate derivatives £000	Total £000
At 1 April 2017	(304,955)	(23,601)	(2,964)	(331,520)
Cash movement in the year	(25,644)	1,109	3,374	(21,161)
Non-cash movements	–	(437)	1,294	857
At 31 March 2018	(330,599)	(22,929)	1,704	(351,824)

Notes to the Financial Statements (continued)

Year ended 31 March 2019

18. FINANCIAL INSTRUMENTS (continued)

D. Interest rate sensitivity analysis

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

At 31 March 2019, 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 £469,000 (2018: reduced adjusted profit before tax by £445,000) 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 £469,000 (2018: increased adjusted profit before tax by £445,000). 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 56,000 customers in our stores.

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

H. Financial maturity analysis

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

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**

18. FINANCIAL INSTRUMENTS (continued)

2018 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	87,599	2,474	2,598	8,601	73,926
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	143,000	–	–	143,000	–
Debt fixed by interest rate derivatives	30,000	–	–	30,000	–
Total	330,599	2,474	2,598	181,601	143,926

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. Finance lease liabilities are included at the present value of their minimum lease payments. Derivatives are carried at fair value.

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

J. Maturity analysis of financial liabilities

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

2019	**Trade and other payables £000**	**Interest rate swaps £000**	**Borrowings and interest £000**	**Finance leases £000**	**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**

2018	Trade and other payables £000	Interest rate swaps £000	Borrowings and interest £000	Finance leases £000	Total £000
From five to twenty years	–	(63)	159,548	23,709	183,194
From two to five years	–	(1,139)	207,092	6,285	212,238
From one to two years	–	(381)	11,855	2,095	13,569
Due after more than one year	–	(1,583)	378,495	32,089	409,001
Due within one year	20,449	(195)	11,855	2,095	34,204
Total	20,449	(1,778)	390,350	34,184	443,205

Notes to the Financial Statements (continued)

Year ended 31 March 2019

18. FINANCIAL INSTRUMENTS (continued)

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.

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**

2018	Borrowings £000	Interest £000	Unamortised borrowing costs £000	Borrowings and interest £000
From five to twenty years	143,926	13,958	1,664	159,548
From two to five years	181,601	25,491	–	207,092
From one to two years	2,598	9,257	–	11,855
Due after more than one year	328,125	48,706	1,664	378,495
Due within one year	2,474	9,381	–	11,855
Total	330,599	58,087	1,664	390,350

19. BORROWINGS

Secured borrowings at amortised cost	31 March 2019 £000	31 March 2018 £000
Current liabilities		
Aviva loan	**2,598**	2,474
	2,598	2,474
Non-current liabilities		
Bank borrowings	**182,500**	173,000
Aviva loan	**82,527**	85,125
M&G loan	**70,000**	70,000
Unamortised loan arrangement costs	**(1,748)**	(1,664)
Total non-current borrowings	**333,279**	326,461
Total borrowings	**335,877**	328,935

19. BORROWINGS (continued)

The weighted average interest rate paid on the borrowings during the year was 2.9% (2018: 2.9%).

The Group has £27,500,000 in undrawn committed bank borrowing facilities at 31 March 2019, which expire between four and five years (2018: £37,000,000 expiring 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.

The Group has a secured £210 million five year revolving bank facility with Lloyds and HSBC expiring in October 2023, with a margin of 1.25%. The Group has an option to increase the amount of the loan facility by a further £60 million during the course of the loan's term, and an option to increase the term of the loan by a further year.

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 2019 and throughout the year. The main covenants are summarised in the table below:

Covenant	Covenant level	At 31 March 2019
Consolidated EBITDA	Minimum 1.5x	8.3x
Consolidated net tangible assets	Minimum £250m	£1,124m
Bank loan income cover	Minimum 1.75x	12.9x
Aviva loan interest service cover ratio	Minimum 1.5x	4.4x
Aviva loan debt service cover ratio	Minimum 1.2x	2.8x
M&G income cover	Minimum 1.5x	8.2x

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 2019						
Gross financial liabilities	**337,625**	**187,500**	**150,125**	**2.9%**	**5.6 years**	**4.5 years**
At 31 March 2018						
Gross financial liabilities	330,599	178,000	152,599	2.9%	6.5 years	5.5 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 share based payments (£0.2 million), corporation tax losses (£4.4 million), capital allowances in excess of depreciation (£0.2 million) and capital losses (£1.4 million) in respect of the non-REIT taxable business have not been recognised due to uncertainty over the projected tax liabilities arising in the short term within the non-REIT taxable business. A deferred tax liability in respect of interest rate swaps (£0.1 million) arising in the non-REIT taxable business has also not been recognised as the relevant entity has the legal right to settle the potential tax amounts on a net basis and these taxes are levied by the same taxing authority.

Notes to the Financial Statements (continued)

Year ended 31 March 2019

21. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value minimum of lease payments	
	2019 £000	2018 £000	**2019 £000**	2018 £000
Amounts payable under finance leases:				
Within one year	**1,653**	2,095	**1,625**	2,061
Within two to five years inclusive	**6,612**	8,380	**5,796**	7,390
Greater than five years	**20,394**	23,709	**11,353**	13,478
	28,659	34,184	**18,774**	22,929
Less: future finance charges	**(9,885)**	(11,255)		
Present value of lease obligations	**18,774**	22,929		

All lease obligations 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	
	2019 £000	2018 £000
Ordinary shares of 10 pence each	**16,667**	15,857

Movement in issued share capital	
Number of shares at 31 March 2017	157,882,867
Exercise of share options – Share option schemes	687,707
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**

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

At 31 March 2019 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 2019**	Number of ordinary shares 2018
11 July 2012	nil p**	11 July 2015	10 July 2022	**5,359**	5,359
19 July 2013	nil p**	19 July 2016	19 July 2023	**7,059**	7,059
29 July 2014	nil p**	29 July 2017	29 July 2024	**2,400**	10,155
16 March 2015	494.6p*	1 April 2018	1 October 2018	**–**	94,654
21 July 2015	nil p**	21 July 2018	21 July 2025	**47,135**	373,093
14 March 2016	608.0p*	1 April 2019	1 October 2019	**36,075**	37,489
22 July 2016	nil p**	22 July 2019	21 July 2026	**392,262**	398,825
15 March 2017	580.0p*	1 April 2020	1 October 2020	**51,086**	59,550
2 August 2017	nil p**	2 August 2020	1 August 2027	**401,847**	407,311
13 March 2018	675.4p*	1 April 2021	1 October 2021	**98,852**	108,335
24 July 2018	nil p**	24 July 2021	24 July 2028	**356,703**	–
11 March 2019	749.9p*	1 April 2022	1 October 2022	**56,836**	–
				1,455,614	1,501,830

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

22. SHARE CAPITAL (continued)

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 (2018: 1,122,907), and no shares are held in treasury.

23. SHARE-BASED PAYMENTS

The Company has three equity share-based payment arrangements, namely an LTIP scheme (with approved and unapproved components), an Employee Share Save Scheme ("SAYE") and a Long Term Bonus Performance Plan. The Group recognised a total expense in the year related to equity-settled share-based payment transactions of £2,345,000 (2018: £2,470,000).

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 84 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 and 2015 fully vested. The weighted average share price at the date of exercise for options exercised in the year was £9.10 (2018: £7.25).

LTIP scheme	2019 No. of options	2018 No. of options
Outstanding at beginning of year	1,201,802	1,355,978
Granted during the year	410,340	582,341
Lapsed during the year	(27,504)	(70,434)
Exercised during the year	(371,873)	(666,083)
Outstanding at the end of the year	1,212,765	1,201,802
Exercisable at the end of the year	61,953	22,573

The weighted average fair value of options granted during the year was £1,365,000 (2018: £1,219,000).

Options outstanding at 31 March 2019 had a weighted average contractual life of 8.2 years (2018: 8.3 years).

Employee Share Save Scheme ("SAYE")	2019 No. of options	2019 Weighted average exercise price (£)	2018 No. of options	2018 Weighted average exercise price (£)
Outstanding at beginning of year	300,028	5.91	223,823	5.36
Granted during the year	56,836	7.50	108,335	6.75
Forfeited during the year	(19,724)	6.26	(10,506)	5.89
Exercised during the year	(94,291)	4.95	(21,624)	4.43
Outstanding at the end of the year	242,849	6.63	300,028	5.91
Exercisable at the end of the year	–	–	–	–

Notes to the Financial Statements (continued)

Year ended 31 March 2019

23. SHARE-BASED PAYMENTS (continued)

Options outstanding at 31 March 2019 had a weighted average contractual life of 2.1 years (2018: 2.0 years).

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

	LTIP	SAYE
Expected volatility	n/a	19%
Expected life	3 years	3 years
Risk-free rate	0.7%	0.7%
Expected dividends	4.1%	3.9%

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. No awards over equity instruments had been made at 31 March 2019.

24. CAPITAL COMMITMENTS

At 31 March 2019 the Group had £13.4 million of amounts contracted but not provided in respect of the Group's properties (2018: £13.7 million of capital commitments).

25. EVENTS AFTER THE BALANCE SHEET DATE

In April 2019, the Group acquired a property in Slough for a new self storage centre. The Group also sold an existing plot of land in Slough on the same date.

In April 2019 the Group also completed on the acquisition of a property in Hayes.

26. CASH FLOW NOTES

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

	Note	2019 £000	2018 £000
Profit after tax		**126,500**	133,542
Taxation		**355**	597
Share of profit of associates		**(2,327)**	(1,370)
Investment income		**(167)**	(1,538)
Finance costs		**11,199**	11,975
Operating profit		**135,560**	143,206
Gain on the revaluation of investment properties	*14a, 15*	**(58,898)**	(71,635)
Gain on part disposal of investment property		**–**	(650)
Depreciation of plant, equipment and owner-occupied property	*14b*	**712**	729
Depreciation of finance lease capital obligations	*14a*	**1,075**	1,109
Employee share options	*6*	**2,345**	2,470
Cash generated from operations pre working capital movements		**80,794**	75,229
Decrease in inventories		**1**	–
Increase in receivables		**(1,874)**	(1,352)
Increase/(decrease) in payables		**3,076**	(420)
Cash generated from operations		**81,997**	73,457

26. CASH FLOW NOTES (continued)

b) Reconciliation of net cash flow movement to net debt

	Note	2019 £000	2018 £000
Net increase/(decrease) in cash and cash equivalents in the year		**11,049**	(53)
Cash flow from increase in debt financing		**(7,026)**	(25,644)
Change in net debt resulting from cash flows		**4,023**	(25,697)
Movement in net debt in the year		**4,023**	(25,697)
Net debt at the start of the year		**(323,746)**	(298,049)
Net debt at the end of the year	*18A*	**(319,723)**	(323,746)

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 2019 £000	31 March 2018 £000
Fees earned from Armadillo 1	**1,735**	705
Fees earned from Armadillo 2	**408**	270
Balance due from Armadillo 1	**124**	89
Balance due from Armadillo 2	**19**	33

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 83 to 93.

	31 March 2019 £000	31 March 2018 £000
Short term employee benefits	**1,540**	1,398
Post-employment benefits	**118**	154
Share based payments	**2,553**	5,618
	4,211	7,170

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 £33,000 (2018: £37,000).

No other related party transactions took place during the years ended 31 March 2019 and 31 March 2018

Company Balance Sheet

Year ended 31 March 2019

	Note	2019 £000	2018 £000
Non-current assets			
Plant, equipment and owner-occupied property	*30a*	**1,776**	1,815
Investment in subsidiary companies	*30b*	**22,835**	20,490
		24,611	22,305
Current assets			
Trade and other receivables	*31*	**593,178**	470,716
Derivative financial instruments		**298**	751
Cash and cash equivalents		**1**	1
		593,477	471,468
Total assets		**618,088**	493,773
Current liabilities			
Trade and other payables	*32*	**(3,946)**	(3,539)
		(3,946)	(3,539)
Non-current liabilities			
Bank borrowings		**(182,173)**	(173,000)
		(182,173)	(173,000)
Total liabilities		**(186,119)**	(176,539)
Net assets		**431,969**	317,234
Equity			
Share capital	*22*	**16,667**	15,857
Share premium account		**111,514**	46,362
Reserves	*28*	**303,788**	255,015
Equity shareholders' funds		**431,969**	317,234

The Company reported a profit for the financial year ended 31 March 2019 of £98.5 million (2018: profit of £5.3 million). The financial statements were approved by the Board of Directors and authorised for issue on 20 May 2019. They were signed on its behalf by:

James Gibson
Director

John Trotman
Director

Company Registration No. 03625199

Company Statement of Changes in Equity

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 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 2018

	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 2017	15,788	45,462	74,950	1,795	217,704	(1,019)	354,680
Total comprehensive income for the year	–	–	–	–	5,298	–	5,298
Issue of share capital	69	900	–	–	–	–	969
Dividend	–	–	–	–	(46,183)	–	(46,183)
Credit to equity for equity-settled share based payments	–	–	–	–	2,470	–	2,470
At 31 March 2018	15,857	46,362	74,950	1,795	179,289	(1,019)	317,234

Notes to the Financial Statements (continued)

Year ended 31 March 2019

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 profit for the year attributable to equity shareholders dealt with in the financial statements of the Company was £98.5 million (2018: profit of £5.3 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 the transition to FRS 101 from Adopted IFRS, the Company has made no measurement and recognition adjustments.

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 does not have any employees.

30. NON-CURRENT ASSETS

a) Plant, equipment and owner occupied property

	Freehold property £000	Leasehold improvements £000	Fixtures, fittings & office equipment £000	Total £000
Cost				
At 31 March 2018	2,194	64	53	2,311
Additions	9	–	13	22
At 31 March 2019	**2,203**	**64**	**66**	**2,333**
Accumulated depreciation				
At 31 March 2018	(450)	(21)	(25)	(496)
Charge for the year	(42)	(1)	(18)	(61)
At 31 March 2019	**(492)**	**(22)**	**(43)**	**(557)**
Net book value				
At 31 March 2019	**1,711**	**42**	**23**	**1,776**
At 31 March 2018	1,744	43	28	1,815

b) Investments in subsidiary companies

	Investment in subsidiary undertakings £000
Cost	
At 31 March 2018	20,490
Additions	2,345
At 31 March 2019	**22,835**

Notes to the Financial Statements (continued)

Year ended 31 March 2019

30. NON-CURRENT ASSETS (continued)

The Group 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 2019 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
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 2019.

.Big Yellow Self Storage (GP) Limited
The Big Yellow Construction Company Limited
Big Yellow Holding Company Limited
Big Yellow Nominee No. 1 Limited
Big Yellow Nominee No. 2 Limited
Big Yellow Self Storage Company 1 Limited
Big Yellow Self Storage Company 2 Limited
Big Yellow Self Storage Company 3 Limited
Big Yellow Self Storage Company 4 Limited
Big Yellow Self Storage Company 8 Limited
BYRCo Limited
BYSSCo Limited
BYSSCo A Limited
Kator Storage Limited
The Last Mile Company Limited
Lock & Leave Limited
Lock & Leave (Twickenham) Limited

31. TRADE AND OTHER RECEIVABLES

	31 March 2019 £000	31 March 2018 £000
Amounts owed by Group undertakings	**593,077**	470,597
Prepayments and accrued income	**101**	119
	593,178	470,716

Amounts owed by Group undertakings are unsecured and are repayable on demand. The Company recharges its external interest cost to its subsidiaries.

32. TRADE AND OTHER PAYABLES

	31 March 2019 £000	31 March 2018 £000
Current (all due within one year)		
Other payables	**3,667**	3,247
Accruals and deferred income	**279**	292
	3,946	3,539

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%.
Adjusted Profit Before Tax	The Company's pre-tax EPRA earnings measure with additional Company adjustments.
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 finance leases and debt issue costs.
Earnings per share (eps)	Profit for the financial year attributable to equity shareholders divided by the average number of shares in issue during the financial year.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
EPRA	The European Public Real Estate Association, a real estate industry body. This organisation has issued Best Practice Recommendations with the intention of improving the transparency, comparability and relevance of the published results of listed real estate companies in Europe.
EPRA earnings	The IFRS profit after taxation attributable to shareholders of the Company excluding investment property revaluations, gains/losses on investment property disposals and changes in the fair value of financial instruments.
EPRA earnings per share	EPRA earnings divided by the average number of shares in issue during the financial year.
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 2019 this excludes Wapping (opened in July 2018) and Battersea (closed for redevelopment in March 2019).

Notes to the Financial Statements (continued)

Year ended 31 March 2019

33. GLOSSARY (continued)

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 Guildford Central (opened in March 2018), Wapping (opened in July 2018) and Battersea (closed for redevelopment in March 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. The prior year MLA has been restated for the 25,000 sq ft extension to the existing Wandsworth store, which came on-line in May 2018. The closing occupancy % has been recalculated on this basis.
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 financial 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.
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 financial year.
Store EBITDA	Store earnings before interest, tax, depreciation and amortisation.
Total shareholder return (TSR)	The growth in value of a shareholding over a specified period, assuming dividends are reinvested to purchase additional units of shares.

Ten Year Summary

Year ended 31 March 2019

Results	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Revenue	**125,414**	116,660	109,070	101,382	84,276	72,196	69,671	65,663	61,885	57,995
Operating profit before gains and losses on property assets	**76,662**	70,921	65,316	59,854	48,420	39,537	37,454	35,079	32,058	29,068
Cash flow from operating activities	**71,806**	62,977	55,974	55,467	42,397	32,752	30,186	27,388	23,534	19,063
Profit/(loss) before taxation	**126,855**	134,139	99,783	112,246	105,236	59,848	31,876	(35,551)	6,901	10,209
Adjusted profit before taxation	**67,465**	61,422	54,641	48,952	39,405	29,221	25,471	23,643	20,207	16,514
Net assets	**1,123,897**	981,148	890,350	829,387	750,914	594,064	552,628	494,500	544,949	547,285
Diluted EPRA earnings per share	**41.4p**	38.5p	34.5p	31.1p	27.1p	20.5p	19.3p	18.2p	15.5p	13.0p
Declared total dividend per share	**33.2p**	30.8p	27.6p	24.9p	21.7p	16.4p	11.0p	10.0p	9.0p	4.0p
Key statistics										
Number of stores open	**74**	74	73	71	69	66	66	65	62	60
Sq ft occupied (000)	**3,810**	3,730	3,551	3,363	3,178	2,832	2,632	2,458	2,130	1,915
Occupancy increase in year 000 sq ft)*	**80**	179	188	185	346	200	174	328	215	140
Number of customers	**56,000**	55,000	52,500	50,000	47,250	41,800	38,500	36,300	32,800	30,500
Average number of employees during the year	**347**	335	329	318	300	289	286	279	273	252

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

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