

# Directors' Report

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditors' report for the year ended 31 March 2009.

## Principal Activity

The principal activity of the Company and its subsidiaries is the provision of self storage and related services.

The subsidiary and associated undertakings principally affecting the profit and net assets of the Group in the year are listed in note C to the Company's financial statements.

## Review of Business

A detailed account of the Group's progress during the year and its future prospects is set out in the Chairman's statement on pages 8 to 11. A detailed Business Review and Financial Review have been prepared and are set out on pages 12 and 23, and more specifically as follows:

- > the business objectives and strategy are set out on page 12;
- > the financing objectives are set out on page 12;
- > the principal risks and uncertainties within the business are set out in the Risk Management section from page 12; and
- > the key quantitative and qualitative performance indicators are included within the Highlights (see page 1), Portfolio Summary (see page 24) and Financial Review (see pages 20 to 23).

The Chairman's statement, the Business Review, the Financial Review and the Corporate Social Responsibility Statement are incorporated by reference into the Directors' Report.

## Financial Instruments

The financial risk management objectives and policies of the Group, along with any details of exposure to any liquidity and cash flow risk are set out in the Business Review on page 15, and notes 2 and 17 to the financial statements.

## Results and Dividends

The consolidated income statement is set out on page 52 of the financial statements.

The Directors do not recommend the payment of a final ordinary dividend for the year (2008: 5.5p per ordinary share). No interim ordinary dividend was paid in the year (2008: 4p). No property income dividend is payable for the year.

## Share Capital

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 21. 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. Shares held by Big Yellow Group PLC Employee Benefit Trust abstain from voting.

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 Combined 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 Corporate Governance Report on page 25.

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company following such as commercial contracts, bank loan agreements, property lease arrangements and employees' share plans. None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole. Furthermore, 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 78,422 shares to satisfy the exercise of share options.

# Directors' Report (continued)

## Directors and their Interests

The Directors of the Company who served throughout the year and to the date of approval of the financial statements, except as noted, were as follows:

Philip Burks

Tim Clark (appointed 1 August 2008)

James Gibson

Adrian Lee

Mark Richardson (appointed 1 July 2008)

David Ross (resigned 10 December 2008)

Jonathan Short

John Trotman

Nicholas Vetch

David White (resigned 9 July 2008)

Details of the interests of the Directors in the shares of the Company are set out in the Report on Directors' Remuneration on pages 42 to 48. No changes took place in the interests of the Directors between 31 March 2009 and 15 May 2009.

Biographical details of the Executive and Non-Executive Directors are set out on page 50.

## Reappointment of Directors

The Directors listed above constituted the Board during the year.

Following a performance appraisal process, the Board has concluded that the Directors retiring by rotation are effective, committed to their roles and should continue in office.

James Gibson and Philip Burks offer themselves for re-election in accordance with the articles of association of the Company. Tim Clark, who was appointed a Director on 1 August 2008, retires at the annual general meeting, and being eligible offers himself for re-election.

The biographies of all Directors standing for re-election are included on page 50.

## Directors' and Officers' Liability Insurance

The Company purchases liability insurance covering the Directors and officers of the Company and its subsidiaries.

## Payment of Suppliers

The policy of the Group is to settle supplier invoices within the terms of trade agreed with individual suppliers. Trade creditor days of the Group for the year ended 31 March 2009 were 33 days (2008: 29 days). This represents the ratio, expressed in days, between the amounts invoiced to the Group by its suppliers in the year and the amounts due, at the year end to trade creditors within one year.

## Properties

The changes in investment and development property during the year and details of property valuations at 31 March 2009 are shown in notes 13a and 14 to the financial statements. Further commentary on our investment and development property portfolio is contained in the Business Review and Financial Review.

## Donations

Charitable donations totalling £28,000 (2008: £35,000) were made to UK resident charities in the year. The Group also provided free storage to UK charities in the year, worth a further £29,400. The Group encourages employee involvement in charitable giving and frequently matches any amounts raised by individuals. Key management have been allocated budgets to support local charitable causes and the community.

## Substantial Shareholdings

On 15 May 2009, 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 2008 |       | Ordinary shares of 10p each |       | At 15 May 2009 |       |
|--------------------------------------|------------------|-------|-----------------------------|-------|----------------|-------|
|                                      | No.              | %     | No.                         | %     | No.            | %     |
| Directors                            | 32,354,398       | 28.01 | 20,165,076                  | 17.45 | 20,165,076     | 17.45 |
| David Ross <sup>(1)</sup>            | –                | –     | 11,456,140                  | 9.91  | 11,456,140     | 9.91  |
| Fortis Investment Management         | –                | –     | 7,259,462                   | 6.28  | 6,386,565      | 5.53  |
| FIL Limited                          | –                | –     | 5,850,914                   | 5.06  | 5,850,914      | 5.06  |
| Morgan Stanley Investment Management | 4,564,251        | 3.95  | 5,731,207                   | 4.96  | 5,731,207      | 4.96  |
| Thames River Capital                 | 6,648,751        | 5.76  | 4,616,541                   | 3.99  | 4,616,541      | 3.99  |
| Henderson Global Investors Limited   | 3,904,981        | 3.38  | 3,692,511                   | 3.19  | 3,692,511      | 3.19  |

(1) – David Ross's holding is included under Directors at 31 March 2008.

# Directors' Report (continued)

## Employees

Adrian Lee, Operations Director has responsibility to the Board for all employee matters.

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 held in stores frequently 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 an operations bulletin. The Group carries out annual surveys of employee satisfaction.

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

The Group was pleased to be awarded 68th place in the 2009 Sunday Times 100 Best Companies to Work For survey.

Customer service is a key priority of the Group and this is achieved through recruiting good people and investing in training and development leading to high levels of retention. 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.

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.

## Annual General Meeting

The notice for the 2009 Annual General Meeting is distributed as a separate document. The meeting will be held at 20 Moorgate, London EC2R 6DA on 3 July 2009.

## Health and Safety

The Board recognises the importance of maintaining high standards of health and safety for everyone who may be affected by our business.

The Group's Health and Safety policy is reviewed on an ongoing basis. It is applied in two distinct areas – construction and operations. The policy states that all employees have a responsibility for health and safety but that managers have special responsibilities. Additional duties are placed on Adrian Lee, Operations Director to keep the Board advised on health and safety issues, compliance with the policy in respect of construction activity and store operations respectively.

The Group has a Health and Safety Committee, which meets quarterly and comprises Adrian Lee and appointed managers. They meet to discuss any issues that have been reported from meetings held at head office and the stores, and any construction sites.

In addition, the Group has appointed an external consultant to review policy and perform audits of stores on a rolling programme to ensure the implementation of the Group's Health and Safety policies. Health and Safety audits are also carried out by external consultants on each construction site prior to the opening of a store.

A review of health and safety for the year is included within the Corporate Social Responsibility Report on pages 32 to 38.

## Auditors

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 the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- > he has taken all the steps that he might have reasonably been expected to take as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with s234ZA of the Companies Act 1985.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors

and signed on behalf of the Board

## Michael Cole

Secretary  
15 May 2009