

## Directors' Report

The Directors present their annual report on the affairs of the Group, together with the audited financial statements and auditors' report for the year ended 31 March 2012. The Report on Corporate Governance on pages 24 to 29 forms part of this report.

### 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 29 of the 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 6 to 8. A detailed Business Review and Financial Review have been prepared and are set out on pages 9 and 16, and more specifically as follows:

- > the business objectives and strategy are set out in the Chairman's Statement on pages 6 to 8;
- > the financing objectives are set out on page 28;
- > the Group's going concern review as set out on page 29;
- > the principal risks and uncertainties within the business are set out in the Risk Management section from page 27; and
- > the key quantitative and qualitative performance indicators are included within the Highlights (see page 4), Portfolio Summary (see page 22) and Financial Review (see page 16).

The Chairman's statement, the Business Review, the Financial Review, the Report on Corporate Governance and the Corporate Social Responsibility Report 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 9, and notes 2 and 18 to the financial statements.

### Results and dividends

The consolidated statement of comprehensive income is set out on page 59 of the financial statements.

The Directors are recommending the payment of a final dividend of 5.5 pence per share for the year (2011: 5 per ordinary share). An interim dividend of 4.5 pence per share was paid in the year (2011: 4 per share). A property income dividend of 9 pence is payable for the year, of which 4.5 pence per share was paid with the interim dividend, and 4.5 pence per share was proposed for the final dividend.

Subject to approval by shareholders at the Annual General Meeting to be held on 10 July 2012, the final dividend will be paid on 20 July 2012 to shareholders on the Register on 8 June 2012.

### 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 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 in treasury and 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 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 24.

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 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 332,519 shares to satisfy the exercise of share options (2011: 69,685).

## Directors and their interests

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

Philip Burks  
Tim Clark  
James Gibson  
Steve Johnson  
Adrian Lee  
Mark Richardson  
Jonathan Short  
John Trotman  
Nicholas Vetch

Details of the interests of the Directors in the shares of the Company (including share options) are set out in the Report on Directors' Remuneration on pages 47 to 55. No changes took place in the interests of the Directors between 31 March 2012 and 23 May 2012.

Biographical details of the Executive and Non-Executive Directors are set out on page 57.

## 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.

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

The biographies of all Directors standing for re-election are included on page 57.

## 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 2012 were 21 days (2011: 24 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 2012 are shown in notes 13a and 14 to the financial statements. Further commentary on our investment property portfolio is contained in the Business Review and Financial Review.

## Donations

Charitable donations totalling £20,000 (2011: £25,000) were made to UK resident charities in the year. The Group also provided free storage to charities during the year worth £526,000 (2011: £400,000).

No political donations were made in either year.

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 21 May 2012, 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.

	No. of ordinary shares	Percentage of voting rights and issued share capital
Directors	18,475,775	14.2%
FMR LLC	15,231,095	11.7%
Axa SA	6,578,222	5.1%
Blackrock Inc	6,466,171	4.9%
Morgan Stanley Invs Mgmt Ltd	6,248,875	4.8%

## 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 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. 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.

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.

### 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 34 to 41.

### Annual General Meeting

The notice for the 2012 Annual General Meeting is distributed as a separate document. The meeting will be held at Holborn Bars, 138-142 Holborn, EC1N 2NQ on 10 July 2012.

### Auditors and disclosure of information to 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 each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- > each Director 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 s418 of the Companies Act 2006.

### Auditors

The auditors, 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

### Shauna Beavis

Secretary

21 May 2012