**Introduction from the Remuneration Committee Chairman**

Dear Shareholder

I am pleased to introduce the Directors' Remuneration Report for the year ended 31 March 2013. This report has been prepared by the Remuneration Committee and approved by the Board.

The Group's performance has been strong given the underlying economic conditions and the imposition of VAT on self storage in October, with another year of revenue, earnings, cash flow and dividend growth. The Group has also completed the full refinancing of its banking facilities and raised £35.8 million through an equity placing during the year.

The Committee believes that a key strength of the executive team has been its ability to react quickly to changing market conditions, revising business strategy and direction as needed. This can be illustrated by the Pramerica joint venture at the end of 2007, the successful early refinancing in 2008 of facilities due to expire in 2010, securing in April 2012, through the new loan from Aviva, the first ever long-term loan by an insurance company to self storage in Europe, and the equity placing in January 2013. It is this strength that the Committee looks to reflect in the approach to remuneration.

The Committee has reviewed, in the context of the current climate surrounding executive remuneration, the various new rules and proposals issued during the year which have an impact on the remuneration of executives of listed companies. These included the proposals on executive remuneration and narrative reporting issued by the Department for Business Innovation and Skills which do not apply to the period covered by this year's report. Notwithstanding this, we have incorporated in this report those of the proposals which can practically and usefully be included given the timing of the report and the detailed aspects of the proposed requirements which are currently available. This is in accordance with the Committee's objectives of ensuring that the Company adheres to best practice in the level and transparency of disclosure of executive remuneration and the link between pay and performance. Last year, we received feedback from shareholders that, while supporting its adoption, we should given the bespoke nature of the Long Term Bonus Performance Plan, demonstrate that the structure is appropriate for the Group. We have aimed to address this feedback through commentary around the plan mechanics and its alignment with our business strategy in the main section of this Remuneration Report

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 Group. In the year ended 31 March 2013, this approach was reflected in the grant of new awards under the Long Term Bonus Performance Plan, following the expiry of the awards under the Plan in the last financial year. Furthermore, the Company is keen to mitigate any risks and safeguard the integrity of the Executive Directors' remuneration packages. Therefore, on the Long Term Bonus Performance Plan, the Remuneration Committee has the ability to adjust any awards that have already provisionally vested if subsequent performance during the three year performance period is below the targets.

In the year ended 31 March 2012, the Committee received external benchmarking advice from Pricewaterhouse Coopers, which indicated that total Executive Director remuneration, in the absence of the Long Term Bonus Performance Plan, was significantly below the level of executives of comparable companies and of executives of FTSE 250 listed companies. In reviewing the remuneration of the Executive Directors for the last financial year, the Committee approved new awards under the plan which, assuming satisfaction of performance conditions and full vesting, would bring the remuneration to a level which is slightly below median for comparable companies and FTSE 250 companies.

During the year, the Committee also reviewed the Long Term Incentive Plan award that had been granted in 2009. Despite a relatively strong performance against the established performance conditions, median performance was not achieved and therefore under the prevailing rules the award did not vest.

Given the Group's continued focus on cost control and in light of the challenging economic environment, the Committee approved a bonus for the Executive Directors for the year ended 31 March 2013 at the same rate (10%) which applied to the Big Yellow head office staff. It has also approved minimal increases in the base salaries – in the order of 2% – for the majority of Executive Directors and a continuing freeze on the levels of pension contributions for the year ending 31 March 2014.

**Tim Clark**
Chairman of the Remuneration Committee

### UNAUDITED INFORMATION

This report has been prepared in accordance with Schedule 8 to the Accounting Regulations under the Companies Act 2006. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles relating to Directors' remuneration in the UK Corporate Governance Code. As required by the Act, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

The Act requires the auditor to report to the Company's members on certain parts of the Directors' Remuneration Report and to state whether in their opinion those parts of the report have been properly prepared in accordance with the Accounting Regulations. The report has therefore been divided into separate sections for audited and unaudited information.

### Remuneration Committee

The Company has established a Remuneration Committee which is constituted in accordance with the recommendations of the Code. The members of the Committee at the year end were Tim Clark, Steve Johnson, Mark Richardson and Richard Cotton, who are all independent Non-Executive Directors. The Committee is chaired by Tim Clark. Georgina Harvey will join the Committee upon her appointment to the Board.

None of the Committee has any personal financial interest (other than as shareholders), conflicts of interests arising from cross-directorships or day-to-day involvement in running the business. The Committee makes recommendations to the Board. In making these recommendations, the Committee consults with the Executive Chairman, Nicholas Vetch, about proposals, on a range of matters relating to the remuneration of the Executive Directors including the levels of overall remuneration, salary and bonus, and awards and distributions under the share incentive and bonus plans.

### Remuneration policy

Executive remuneration packages are designed to attract, motivate and retain Directors of the high calibre required and to reward them for enhancing value to shareholders. Individual remuneration packages are structured to align rewards with the performance of the Company and the interests of the shareholders. The main principles are to:

> ensure that salaries are set at a market competitive level by benchmarking against appropriate external comparators, including companies of a similar size and sector in the FTSE 250;
> support a high performance culture by rewarding strong performance with appropriate remuneration;
> maintain a balance of fixed and performance-related pay which delivers appropriate rewards over the short, medium and longer term, with a substantial emphasis on longer term rewards based on shares;
> align long term rewards with shareholder returns by expecting Directors to hold at least 50% of the shares vesting under these plans until a minimum shareholding has been achieved. The shareholding is expected to be at least 1 times salary for Executive Directors; and
> ensure that the overall package reflects relevant market practice and takes account of levels of remuneration elsewhere in the Group.

The performance measurement of the Executive Directors and the determination of their annual remuneration package is undertaken by the Committee in consultation with the Executive Chairman, save for discussions on his remuneration package. The Committee also considers pay and conditions elsewhere in the Group, environmental, social and governance issues and risk when reviewing executive pay quantum and structure. No Director is involved in setting his own remuneration. The remuneration of the Non-Executive Directors is determined by the full Board.

The remuneration package for the year is not considered to be above market levels for comparable companies.

There are currently five main elements of the remuneration package for Executive Directors and senior management:

| Element | Purpose | Operation |
|---|---|---|
| Salary | To provide competitive fixed remuneration that will attract and retain key employees and reflect their experience and position in the Company. | Reviewed every twelve months and benchmarked against appropriate market comparators.<br>Linked to individual performance and contribution. |
| Annual head office bonus | To incentivise achievement of annual objectives which support the short to medium term strategy of the Company and applies across the head office team. | The bonus is based on the Company's key performance indicators. |
| Long term incentive plan | To incentivise Executives to achieve superior returns to shareholders over a three year period.<br>To retain key individuals in the medium term and align rewards with shareholder returns. | Share awards are made annually to senior executives and other senior management and are based on a combination of TSR and EPS targets over a three year period. |
| Long term bonus performance plan | Continue the energy efficient LED re-lamping programme with a further 35 stores in the year to 31 March 2014. | Three year award, based on a series of financial and non-financial targets aligned with the annual business plan to bring remuneration more in line with market levels. |
| Pension | To ensure that the total remuneration package is more competitive and supports the Company's strategy and its ability to react to changing economic and business circumstances.<br>To retain key individuals in the medium term and align rewards with shareholder returns. | All executives receive a fixed contribution to their personal pension plans. |

Executive Directors' contracts of service which include details of remuneration will be available for inspection at the Annual General Meeting.

Each component of Executive remuneration is explained below.

1. *Basic salary*

Basic salary is determined by the Remuneration Committee at the beginning of each financial year and when an individual changes position or responsibility. Appropriate salary levels are set by reference to the performance, experience and responsibilities of each individual concerned and having regard to the prevailing market conditions. Salaries are reviewed annually with changes taking effect on 1 April each year, taking into account individual performance, market data and levels of increases applicable to other employees in the Company. The salaries for the Executive Directors for the financial years beginning on 1 April 2012 and 2013 were as follows:

| Director | 1 April 2013 | 1 April 2012 | % increase |
|---|---|---|---|
| James Gibson | £278,800 | £273,300 | 2% |
| Nicholas Vetch | £254,200 | £249,200 | 2% |
| Adrian Lee | £206,400 | £202,300 | 2% |
| John Trotman | £180,000 | £165,000 | 9% |

The average salary increase across the Group in the year was 2%. The salary increase for John Trotman reflects his progress in his role, although it should be noted that his salary is still, in the view of the Committee, below market levels.

2. *Annual head office bonuses*

Executive Directors participate in the Company's annual head office bonus arrangements which were originally established in 2000. There is no separate annual bonus plan for Executive Directors. Bonuses are discretionary and are performance related. They are assessed annually and, determined by the Remuneration Committee and based on corporate performance during the year against the Group's business plan for each financial year. There is no deferrable element of the bonus, and it is non-pensionable. The maximum bonus potential is 25% of annual basic salary.

The bonus arrangements are structured so as not to encourage inappropriate risk taking. The bonuses are directly linked to the Group's profit and operating cash flow performance in the stores, which is then read across to the head office bonus levels. The Committee approved the payment of a head office bonus of 10% of basic salary for the head office staff, including the Executive Directors, for the year ended 31 March 2013. The bonus paid to the Executive Directors for the last 5 financial years are shown in the table below:

| Year ended | Bonus payment |
|---|---|
| 31 March 2013 | 10% |
| 31 March 2012 | 10% |
| 31 March 2011 | 10% |
| 31 March 2010 | 10% |
| 31 March 2009 | Bonus waived by the Directors |

3. *Pension arrangements*

Pension contributions of 10% of basic salary are paid into a personal pension plan for each Director.

4. *Share incentives*

*Long Term Incentive Plan (the "LTIP")*

Approval was granted by shareholders at the 2004 Annual General Meeting for a Long Term Incentive Plan.

The Remuneration Committee has determined that an incentive plan using an award of nil-priced options is the most appropriate way to provide a competitive and market-related long term equity opportunity.

The principal reasons for the Remuneration Committee favouring the use of nil-priced options are:

- the greater alignment of Executive reward with shareholder interests; and
- the reduced volatility of nil-priced options to general share price movements.

Awards are made under the LTIP on an annual basis. Individual grants of options to Executive Directors since the inception of the LTIP scheme have been determined by the Committee. All awards to date have been approved by shareholders, through approval of the Company's Remuneration Report.

In respect of the current year and in all future grants to Executive Directors, it is intended that the maximum annual grant of awards will not exceed 100% of a participant's annual base salary, except where the Committee considers there to be exceptional circumstances which justify an award above this limit.

For 2013, it is proposed that the awards made to Nicholas Vetch and James Gibson will be equal to 100% of their individual salaries. The awards for Adrian Lee and John Trotman will be apportioned equally between them to an aggregate value of 100% of their combined salaries.

The most recent awards are shown in the table below:

| Director | 2012 grant | 2011 grant | 2010 grant |
|---|---|---|---|
| James Gibson | 92,362 | 87,807 | 86,419 |
| Nicholas Vetch | 84,218 | 80,072 | 78,801 |
| Adrian Lee | 62,065 | 57,080 | 63,975 |
| John Trotman | 62,065 | 57,080 | 44,427 |

The LTIP awards to the Directors remain at the lower end of the market, particularly in light of salary levels for the Executive Directors.

The number of ordinary shares issuable pursuant to awards granted under this LTIP and all other employee share schemes adopted by the Company may not be more than 10% of the ordinary share capital in any ten year period.

Any award under the LTIP that does not vest at the end of the specified performance period will lapse.

The extent to which awards granted under the LTIP vest and become exercisable is determined by reference to the Company's total shareholder return ("TSR") relative to a comparator group. The level of vesting is set out below:

| Total shareholder return performance level | Amount of award vesting % |
|---|---|
| Upper Quartile | Full vesting (100%) |
| Median to Upper Quartile | Pro rata vesting on a straight line basis (25% to 100%) |
| Below median | Nil |

The LTIP vesting is also subject to the adjusted earnings per share ("EPS") growth over three years exceeding inflation. This EPS underpin target must be satisfied before any part of the LTIP award can vest.

The Committee uses the performance of companies in the FTSE Real Estate Index as the relevant benchmark of the Company's performance. The Committee employs a third party to report to it on whether the performance targets in respect of TSR have been met.

The Committee has considered the report on the performance of the 2009 LTIP awards. This report showed that the awards did not vest and have therefore lapsed in full.

The Committee reserves the right to vary the Performance Condition for future grants provided that, in its reasonable judgement, the new targets are no less challenging in the light of the Company's business circumstances and its internal forecasts.

*Sharesave scheme*
The Group's Sharesave Scheme is open to all UK employees (including Directors) with a minimum of six months' service and meets UK HMRC approval requirements, thus enabling all eligible employees the opportunity to acquire shares in the Company in a tax efficient manner.

*The Long Term Bonus Performance Plan*
*Background*
The Committee believes a key strength of the Executive team has been its ability to react quickly to changing market conditions, revising business strategy and direction as needed.

The Committee received external benchmarking advice from Pricewaterhouse Coopers in 2009. The benchmarking advice led the Committee to be concerned that the overall remuneration of the Executive Directors was ceasing to be competitive and, in particular, that salaries were at the lower end of a range of comparable companies. Therefore, rather than increase base salaries and annual bonus potential, the Committee agreed that the most appropriate way to reflect the Group strategy in Executive incentives, was to introduce a new performance based plan, the Long Term Bonus Performance Plan "the LTBPP"). The plan initially involved the making of one award to each Executive Director covering a three year period from 2009 to 2012.

In the year ended 31 March 2012, the Committee received further external benchmarking advice from Pricewaterhouse Coopers, which indicated total Executive Directors' remuneration was still significantly below market levels. The Committee gave careful consideration to the operation of the LTBPP and its support for the Company's strategy through its focus on achieving a range of KPIs. The Committee remained of the view that the most appropriate way to ensure that Executive Directors' remuneration remained competitive, provided incentive and lock-in and minimised cost to the Company was to make a further round of awards under the LTBPP. The Committee therefore proposed that new awards covering the three year period to 2015 were made to the Executive Directors in 2012. Unlike for the 2009 awards, no loans were made to the Executive Directors for the new awards; the option value was paid in full up front by each Executive Director. The new awards were approved at the Company's AGM held in July 2012.

The structure of the LTBPP is set out below.

*Mechanics*

1) *Summary*

   The Plan is structured as a share plan and operates in a similar way to a deferred bonus. Awards are subject to performance over a three year period during which the value accruing to participants can be clawed back. Participants will be partly or wholly rewarded in shares with any shortfall delivered in cash. Cash shortfall payments under the Plan cannot exceed 50% of any total payout due. At least 50% of any payout will be in shares and will be subject to a further lock in.

*4. Share incentives (continued)*

*2) Nature of interests and performance conditions*

Under the Plan, the Executive Directors have been awarded restricted interests in ordinary shares in the Company. The interest entitles a participant to benefit from the growth in the value (if any) of a number of ordinary shares in the Company over which the interest is acquired. The participant's interest is capped at growth in value of £2.00 per share from a set point. Vesting of interests is subject to performance conditions. The Committee sets a range of performance conditions each year, both financial and non-financial, which are based on the business plan. Total shareholder return is not used; this remains the measure for LTIP awards. The Committee annually identifies suitable indicators of future performance against which Executive Directors should be measured. The Committee then sets the performance targets for the Plan, on the basis of business needs and priorities it has identified. At the end of each year, the Committee indicates the extent to which interests have provisionally vested under the Plan on the basis of the performance targets which have been set. The Committee has the right to adjust targets and, where appropriate, introduce new targets if the business plan is changed.

Where appropriate, the Committee may claw-back any awards that have already provisionally vested if subsequent performance during the three year period is below the targets. Interests under the Plan will not actually vest until the end of the three year performance period and nothing will be paid out within this three year period other than in exceptional circumstances (eg a good leaver).

The Committee feels the flexibility in the Plan allows it to adapt to a rapidly changing environment. It will also ensure that any gain made by the Executive Directors is commensurate with their performance over the period and the financial and other performance of the Company. The Plan should avoid the disadvantage inherent in many longer term incentive arrangements, namely being constrained by performance measures set at the outset which subsequently can prove to be out of step with the objectives of the business.

*3) Vesting*

If the performance conditions are satisfied and the awards vest, shares will be transferred to the Executive Directors equal to the growth in value of the shares under award (subject to the £2.00 cap on growth in value). If there is insufficient value in these share interests to deliver the required payout, the Executive Directors will first be entitled to exercise an option to acquire further shares to make up the shortfall, and if this is still insufficient to deliver the required payout, a top-up cash payment will be made. However, any cash payment cannot exceed 50% of the overall payment due to the Executive Directors.

The maximum payout in shares and cash to the Executive Directors as a whole at the end of the three year period will be up to a total of £3 million. Based on current salary levels, this represents a maximum potential reward for each Executive Director of on average circa 110% of current salary for each performance year.

The awards that were approved at the Annual General Meeting in July 2012 were as follows:

| Director | Number of shares in which Director has an interest | Maximum value of award after three years |
|---|---|---|
| James Gibson | 487,500 | £975,000 |
| Nicholas Vetch | 337,500 | £675,000 |
| Adrian Lee | 337,500 | £675,000 |
| John Trotman | 337,500 | £675,000 |
| | 1,500,000 | £3,000,000 |

As noted above, any payout will be delivered in shares as far as possible. Shares equal to 50% of the value of any payout (after permitted sales to meet tax liabilities) will be subject to further restrictions. The Executive Directors will be required to hold half of these shares for a further year following vesting and the other half for a further two years, less those sold to pay tax. During this holding period, the Executive Directors will not be entitled to sell their shares. This ensures that the interests of the Executive Directors and shareholders remain aligned for up to five years.

The performance targets for the LTBPP are not disclosed for the year ahead, given the commercially sensitive nature of a number of the targets. Each year, the Committee reports on their assessment of the key prior year targets, excluding any that are still commercially sensitive, and whether or not management has been able to meet these targets. The targets are only adjusted during the year if material events occur that necessitate a change; for example the introduction of VAT from 1 October 2012 gave rise to some changes in the targets in the current year. The report on the targets for the year ended 31 March 2012 was included in the annual report for that year. The report on the targets for the year ended 31 March 2013 is summarised in the table below:

| Objective | Committee Comment |
|---|---|
| Grow the Group's annual free cash flow from £27.4 million for the year to 31 March 2012 to £29 million for the year to 31 March 2013. | The Group's annual free cash flow for the year to 31 March 2013 is £30.2 million. |
| Reduce the Group's net debt to £270 million at 31 March 2013 from £274 million at 31 March 2012. | The Group's net debt at 31 March 2013 was £230.5 million, a significant reduction from the targeted level, following the equity issue in January 2013 which raised £35.8 million (net of expenses). The reduction in net debt without the placing was £7.7 million with surplus land sales and free cash flow being used to amortise the debt. |
| Complete the £100 million 15 year Aviva loan. Complete the refinancing of the remainder of Group's core debt during the year. | The Group completed on £100 million loan from Aviva in April 2012. This was the first-ever loan from an insurance company to a self storage company in Europe.<br>The Group completed the refinancing of the bank loan, putting in place a £190 million facility with Lloyds, HSBC and Santander in October 2012. |
| Extend the maturity of the Partnership's debt from September 2013 to September 2016. | The Partnership loan facility provided by RBS and HSBC was extended in October 2012 to an expiry date of September 2016. |
| Grow established store occupancy over the summer to 78% and recover it to 75% at March 2013 following the normal winter slowdown. | Established store occupancy peaked at 78.3% during the summer. It finished March at 72.8%. |
| Grow the like for like occupancy of the wholly owned stores from 63.5% at 31 March 2012 to 66.5% by 31 March 2013, reflecting the challenge of absorbing VAT into the business in the second half of the year. | The occupancy of the wholly owned stores (excluding Chiswick which opened in the year) at March was 65.6%.<br>The seasonally weaker quarter to December was further impacted by a combination of a softening in the macroeconomy in the period after the Olympics, and price increases to our domestic customers of 10% and 12.5% as a result of the imposition of VAT on storage rents from 1 October. |
| Grow the occupancy of the Partnership stores to 53.7% at 31 March 2013 from 43.7% occupied at the start of the year. | The occupancy of the Partnership stores at 31 March 2013 was 54.6%. |
| Grow the average net rent per square foot across the wholly owned stores from £26.49 per square foot to in excess of £26.70 per square foot by September 2012, and then maintain the post VAT net rent level recorded in October 2012 for the remainder of the financial year. | The average net rent per sq ft at 30 September 2012 was £26.96. The post-VAT net rent level recorded in October 2012 was £25.45, which fell by 3% in the second half of the year, as the market adjusted to VAT. Since the year end, net rent has increased by 2.5%. |
| Meet forecast revenue (£69.7 million) and adjusted profit (£25.2 million) targets reset at the interim stage following the implementation of VAT. | Revenue for the year ended 31 March 2013 was £69.7 million, and adjusted profit was £25.5 million. |
| Meet or exceed the recurring earnings per share targets of the average consensus of the analyst community for the year to 31 March 2013. | The average consensus of the analyst community was 19.2 pence per share. Adjusted earnings per share for the year is 19.3p. |
| Comply with all banking covenants and maintain income cover in excess of two and a half, and maintain a net worth in excess of £490 million. | All covenants have been met throughout the year. Group income cover at 31 March 2013 was 3.3 times. Net worth is £552.6 million. |
| Complete the disposal of the surplus land at Chiswick. | The surplus land at Chiswick was sold for £4.8 million in the year. |
| Complete the Richmond hotel within budget and complete on the disposal to Total Pension Trustees Limited. | The disposal of the Richmond hotel was completed in July for a total consideration of £8.4 million. The construction of the hotel was within budget. |

The other targets were met in all material respects. Following careful consideration of the performance targets and actual performance of the Group and the Executive Directors, the Committee has considered that the award in respect of the financial year ended 31 March 2013 has provisionally vested as to 85% of its potential amount for the year. The provisional vesting percentage will be reviewed by the Committee at the end of the three year plan in March 2015.

**Directors' contracts**

It is the Company's policy that Executive Directors should have contracts with an indefinite term, providing for one year's notice. All Executive Directors have contracts which reflect this policy. If a contract is terminated at short notice, the Company has not waived any right which it may have at law to require the Executive Director to mitigate his loss although the Company is entitled (at its discretion) to pay the salary to which the Executive Director would otherwise be entitled, in lieu of notice.

The dates of the Executive Directors' agreements are as follows:

| | |
|---|---|
| Nicholas Vetch | 31 May 2011 |
| James Gibson | 31 May 2011 |
| Adrian Lee | 31 May 2011 |
| John Trotman | 31 May 2011 |

**Non-Executive Directors**

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.

The dates of appointment of the Non-Executive Directors are as follows:

| | |
|---|---|
| Philip Burks | 30 March 2007 (previously an Executive Director) |
| Tim Clark | 1 August 2008 |
| Richard Cotton | 10 July 2012 |
| Mark Richardson | 1 July 2008 |
| Steve Johnson | 24 September 2010 |

**External appointments**

The Executive Directors' contracts do not allow them to engage in any other business outside the Group except where prior written consent from the Remuneration Committee 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 Blue Self Storage S.L, a Spanish self storage business, and The Local Shopping REIT plc, a UK listed property business. He receives a Non-Executive fee of €38,000 per annum from Blue Self Storage S.L and £30,000 per annum from The Local Shopping REIT plc. James Gibson is a Non-Executive Director of AnyJunk Limited; he does not receive any fees for his services.

**Non-Executive Directors' remuneration**

The remuneration of the Non-Executive Directors is determined by the Board taking into account independent surveys of fees paid to Non-Executive Directors of comparable companies.

The structure of the Non-Executive fees has been reviewed. The Board concluded that the fee structure in place was outdated and required revision. It has implemented a new structure of Non-Executive fees for the year ended 31 March 2014, comprising a base fee of £36,000 per annum, with an additional £2,500 for a Committee Chairman, and an additional £2,500 for the Senior Independent Non-Executive Director ("SID"). Where a Non-Executive provides significant specialist advice to the Group, an additional fee of £2,500 is paid. The revised fee basis is as follows:

| Non-Executive | Fee for year ending 31 March 2014 | Comments |
|---|---|---|
| Tim Clark | £41,000 | Chairman of Remuneration and Nominations Committee, SID |
| Richard Cotton | £38,500 | Provides additional corporate finance advice |
| Georgina Harvey (from appointment on 1 July 2013) | £36,000 | |
| Steve Johnson | £36,000 | |
| Mark Richardson | £38,500 | Chairman of Audit Committee |

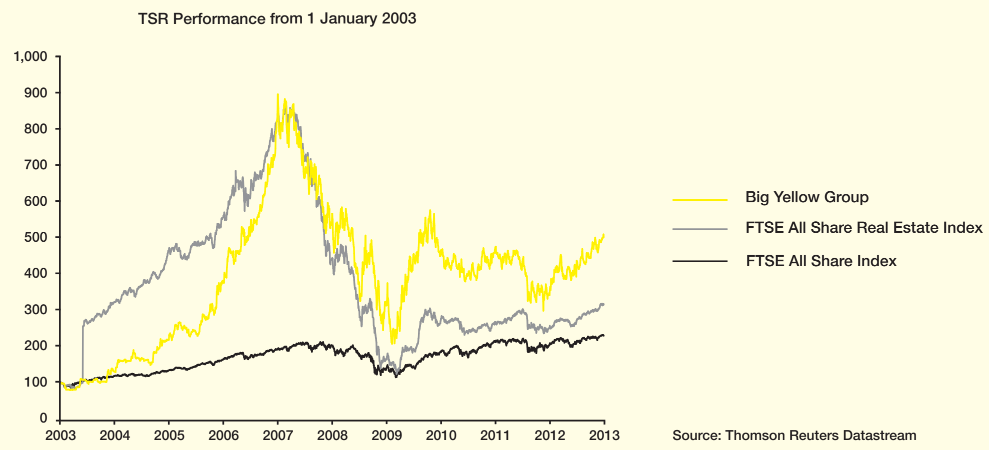
The Board is also considering a scheme that would allow the Non-Executives to apply their net fees to acquire shares in the Company on a quarterly basis.

Non-Executive Directors cannot participate in any of the Group's share option schemes or Long Term Incentive Plan and are not eligible to join the Group's pension arrangements. Philip Burks has legacy LTIPs from his time as an Executive Director.

## Performance graph

The Total Shareholder Return ("TSR") performance graph below sets out the comparison of the Company's TSR against the FTSE All Share Index and FTSE Real Estate Index.

TSR measures share price growth, with dividends deemed to be reinvested gross on the ex-dividend date, and the TSR is shown as the one month average on each day.




Source: Thomson Reuters Datastream

## AUDITED INFORMATION

### Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:

| | 2013 £ | 2012 £ |
|---|---|---|
| Emoluments | **1,183,569** | 1,154,944 |
| Gains on exercise of share options | **2,700,000** | 464,049 |
| Money purchase pension contributions | **88,980** | 86,050 |
| | **3,972,549** | 1,705,043 |

The gains on the share options above in 2013 relate to the Long Term Bonus Performance Plan granted to the Executive Directors in 2009 which vested during the year. The gain arising from the three year plan for Nicholas Vetch and James Gibson was £900,000 each, and £450,000 each for Adrian Lee and John Trotman.

### Directors' remuneration

| | 2013 | | | | | 2013 | 2012 |
|---|---|---|---|---|---|---|---|
| | Salary /fees £ | Annual Bonus £ | Taxable benefits £ | Sub total £ | Pension £ | Total £ | Total £ |
| **Executive** | | | | | | | |
| Nicholas Vetch | 249,200 | 24,920 | 6,296 | 280,416 | 24,920 | **305,336** | 303,389 |
| James Gibson | 273,300 | 27,330 | 7,931 | 308,561 | 27,330 | **335,891** | 332,354 |
| Adrian Lee | 202,300 | 20,230 | 5,463 | 227,993 | 20,230 | **248,223** | 245,556 |
| John Trotman | 165,000 | 16,500 | 3,495 | 184,995 | 16,500 | **201,495** | 185,420 |
| **Non-Executive** | | | | | | | |
| Tim Clark | 39,800 | – | – | 39,800 | – | **39,800** | 39,015 |
| Richard Cotton[1] | 28,750 | – | – | 28,750 | – | **28,750** | – |
| Philip Burks | 34,500 | – | – | 34,500 | – | **34,500** | 33,815 |
| Mark Richardson | 34,500 | – | – | 34,500 | – | **34,500** | 33,815 |
| Jonathan Short[2] | 9,554 | – | – | 9,554 | – | **9,554** | 33,815 |
| Steve Johnson | 34,500 | – | – | 34,500 | – | **34,500** | 33,815 |
| Aggregate emoluments | 1,071,404 | 88,980 | 23,185 | 1,183,569 | 88,980 | **1,272,549** | 1,240,994 |

1 From 1 June 2012
2 Up to date of retirement from the Board on 10 July 2012

The interests of the current Directors in the ordinary share capital of the Company are shown below:

| | At 31 March 2013 No. | At 31 March 2012 No. |
|---|---|---|
| Nicholas Vetch (including trusts) | **9,173,157** | 8,817,920 |
| Philip Burks (including trusts) | **3,846,995** | 6,120,849 |
| James Gibson (including trusts) | **2,529,226** | 2,469,719 |
| Adrian Lee (including trusts) | **776,323** | 905,092 |
| John Trotman | **67,020** | 17,461 |
| Richard Cotton | **58,919** | – |
| Mark Richardson | **24,668** | 19,263 |
| Tim Clark | **15,000** | 15,000 |
| Steve Johnson | **10,000** | 10,000 |

None of the Directors had any direct interests in the share capital of any of the subsidiary undertakings of the Company in the year. The interests shown above exclude those shares over which the Directors have a partial interest in as part of the Group's Long Term Bonus Performance Plan as follows:

| | At 31 March 2013 No. | At 31 March 2012 No. |
|---|---|---|
| Nicholas Vetch | **337,500** | 500,000 |
| James Gibson | **487,500** | 500,000 |
| Adrian Lee | **337,500** | 250,000 |
| John Trotman | **337,500** | 250,000 |
| Total | **1,500,000** | 1,500,000 |

The individual awards shown in the table above differ from the prior year due to the grant of new options in the year following the vesting of the initial options awarded in 2009.

### Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors. During the prior year, there were gains of £0.5 million made on the exercise of share options by the Company's Directors. There were no share option exercises by Directors during the course of the year, other than through the vesting of the Long Term Bonus Performance Plan.

Options in respect of ordinary shares for Directors who served during the year are as follows:

| Name | Date option granted | No. of shares under option at 31 March 2012 | Granted during the year | Exercised during the year | Lapsed during the year | No. of shares under option at 31 March 2013 | Exercise price | Market price at date of exercise | Date from which first exercisable | Expiry date |
|---|---|---|---|---|---|---|---|---|---|---|
| **Nicholas Vetch** | 3 August 2009 | 69,500 | – | – | (69,500) | – | nil p | – | 3 August 2012 | 3 August 2019 |
| | 12 July 2010 | 78,801 | – | – | – | 78,801 | nil p | – | 12 July 2013 | 12 July 2020 |
| | 19 July 2011 | 80,072 | – | – | – | 80,072 | nil p | – | 19 July 2014 | 18 July 2021 |
| | 11 July 2012 | – | 84,218 | – | – | 84,218 | nil p | – | 11 July 2015 | 10 July 2022 |
| **Philip Burks** | 6 June 2005 | 66,667 | – | – | – | 66,667 | nil p | – | 6 June 2008 | 6 June 2015 |
| | 9 June 2006 | 66,667 | – | – | – | 66,667 | nil p | – | 9 June 2009 | 9 June 2016 |
| **James Gibson** | 3 August 2009 | 76,200 | – | – | (76,200) | – | nil p | – | 3 August 2012 | 3 August 2019 |
| | 12 July 2010 | 86,419 | – | – | – | 86,419 | nil p | – | 12 July 2013 | 12 July 2020 |
| | 19 July 2011 | 87,807 | – | – | – | 87,807 | nil p | – | 19 July 2014 | 18 July 2021 |
| | 11 July 2012 | – | 92,362 | – | – | 92,362 | nil p | – | 11 July 2015 | 10 July 2022 |
| **Adrian Lee** | 3 August 2009 | 42,300 | – | – | (42,300) | – | nil p | – | 3 August 2012 | 3 August 2019 |
| | 12 July 2010 | 63,975 | – | – | – | 63,975 | nil p | – | 12 July 2013 | 12 July 2020 |
| | 19 July 2011 | 57,080 | – | – | – | 57,080 | nil p | – | 19 July 2014 | 18 July 2021 |
| | 11 July 2012 | – | 62,065 | – | – | 62,065 | nil p | – | 11 July 2015 | 10 July 2022 |
| **John Trotman** | 3 August 2009 | 27,800 | – | – | (27,800) | – | nil p | – | 3 August 2012 | 3 August 2019 |
| | 12 July 2010 | 44,427 | – | – | – | 44,427 | nil p | – | 12 July 2013 | 12 July 2020 |
| | 19 July 2011 | 57,080 | – | – | – | 57,080 | nil p | – | 19 July 2014 | 18 July 2021 |
| | 11 July 2012 | – | 62,065 | – | – | 62,065 | nil p | – | 11 July 2015 | 10 July 2022 |

The Committee has considered the performance of the 2009 LTIP options grants and determined that the criteria have not been met; therefore the award lapsed during the year.

The market price of the Company's shares at 31 March 2013 was 355p. The highest market price during the year was 387.5p per share, the lowest market price during the year was 274.5p, and the average price during the year was 326.1p. Pursuant to the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001, it should be noted that past performance of the Company's share price cannot be relied on as a guide to future performance.

### Approval

This report was approved by the Board of Directors on 20 May 2013 and signed on its behalf by:

**Tim Clark**
Committee Chairman