

# Remuneration Report

Year ended 31 March 2016

## INTRODUCTION

This report is on the activities of the Remuneration Committee for the period from 1 April 2015 to 31 March 2016. It sets out a summary of the Directors' Remuneration Policy ("the Policy") which was approved by shareholders in July 2015 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) Regulations 2013 (the "Regulations").

The report is divided into three main areas:

- > the annual statement by the Remuneration Committee Chairman;
- > the summary of the approved Policy; and
- > the annual report on Directors' remuneration.

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 Directors' remuneration that are subject to audit are indicated in the report. The annual statement by the Remuneration Committee Chairman and the summary of the approved Remuneration Policy are not subject to audit.

## ANNUAL STATEMENT BY THE REMUNERATION COMMITTEE CHAIRMAN

Dear Shareholder,

I am very pleased to present the Directors' Remuneration Report for the year ended 31 March 2016. This report has been prepared by the Remuneration Committee and approved by the Board.

### Business conditions and Group performance in the year ended 31 March 2016

The business conditions and performance of the Group in the year ended 31 March 2016 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;
- > in an improving economic environment, Big Yellow remained the clear UK brand leader in self storage and delivered occupancy, cash flow and earnings growth for the seventh year in a row;
- > revenue, cash flow and adjusted profit before tax increased by 20%, 31% and 24% respectively;
- > like-for-like occupancy was increased by 3.5 ppts;
- > the capital structure has been further strengthened with interest cover of 6.2 times;
- > the Group acquired land for development in key strategic locations in London; and
- > dividends are being increased by 15%.

### Policy on executive remuneration

The policy of the Company is to ensure that the executive remuneration packages are designed to attract, motivate and retain Directors of high calibre and reward the Executive Directors for protecting and enhancing value for shareholders.

I am pleased that shareholders overwhelmingly approved the Directors' Remuneration Policy ("the Policy") put forward at the July 2015 AGM which aimed to achieve these objectives. The remuneration decisions made by the Committee in the last year were informed by these principles and conformed with the Policy. The Policy aims to provide:

- > remuneration to the Directors which is fair to the Directors both generally and in the context of the remuneration of other staff of the Company and the returns to shareholders; and
- > a balance of short and long term incentives which provide a strong link between reward and individual and Group performance to align the interests of the Executive Directors with the interests of shareholders.

The Committee believes that the success of the remuneration policy is reflected in the length of service, stability and strong performance of the Executive Director team. Two of the Executive Directors were founders of the Company while the other two have been Executive Directors for 17 years and nine years respectively. The Executive Directors have significant interests in the shares of the Company, each in excess of two times base salary which is the Company's shareholding guideline for Executive Directors. The Executive Directors are interested in shares comprising approximately 9% of the share capital of the Company (including unvested share incentives held).

The Committee will continue to carry out periodic reviews of the Policy to ensure its relevance in light of changes to the business and wider market and will seek shareholder approval for any amendments. Having said that, the Committee does not intend to make any revisions at the 2016 AGM, to the Policy approved in 2015.

A summary of the approved Policy is provided in the Directors' Remuneration Policy section of the Directors' Remuneration Report and the full Policy is available online <http://corporate.bigyellow.co.uk/investors/governance/remuneration-policy.aspx>

### Remuneration changes during the year

All of the changes in remuneration in the year ended 31 March 2016 were within the Policy.

Within the aggregate figure for Executive Director remuneration, the changes during the year were:

- > *Base salary*: increased by £30,000 (3%) – of which the main change was an increase in the salary of one Director to reflect his progress in the role, the other increases were 2%, in line with increases provided to staff
- > *Taxable benefits*: increased by £1,000 (5%)
- > *Annual bonus*: was 12% of salary for the year (being in line with the average for all staff of the Company, and compared to 12.5% for the prior year) and reduced by £1,000 (1%).
- > *Pension contributions*: increased to 15% of base salary. This change, coupled with the increase in base salaries, led to an overall increase in pension contributions of £52,000 (55%).
- > *Sharesave Scheme*: one Director's Sharesave scheme vested in the year producing a gain of £14,000 (2015: two Directors' Sharesave Schemes vested producing a gain of £31,000 in total)
- > *Long term incentives*:
  - > the 2012 award of shares granted under the LTIP vested as to 100% (representing a total gain of £1,959,000). As in the previous year, each of the Executive Directors was granted an award equal to 100% of base salary subject to performance conditions. The value of these awards was £985,000 – an increase of £30,000 (3%); and
  - > awards were made under the 2015 Long Term Bonus Performance Plan ("LTBPP") in the year of £4.43 million (2015: no awards). The Remuneration Committee reviewed the performance targets for the year and concluded that the awards under the Plan have provisionally vested at 90% in respect of the year ended 31 March 2016. There are a further two years performance on which the LTBPP is assessed before any awards vest.

In considering the relative importance of the spend on pay (see page 79):

- > **Total employee pay**: increased by 15%, largely due to the acquisition of Big Yellow Limited Partnership in December 2014 (and amounted to £15.1 million)
- > **Profit distributed by way of dividend**: increased by 31% (and amounted to £36.4 million)
- > **Retained profit for the year**: decreased by 3% (and amounted to £75.6 million)

More details of the remuneration of the Directors in the year ended 31 March 2016 are set out in the Annual Report on Remuneration section of the Remuneration Report.

### AGM

I hope that, at the Annual General meeting in July, you will support the advisory resolution on the remuneration paid to the Directors in the last financial year set out in the Annual Remuneration Report section of this Remuneration Report.

### Tim Clark

Chairman of the Remuneration Committee

# Remuneration Report (continued)

Year ended 31 March 2016

## REPORT ON DIRECTORS' REMUNERATION POLICY

This section of the Remuneration Report contains a summary of the Company's Directors' Remuneration Policy ("the Policy") which governs the Company's approach to remuneration. The Policy was approved by shareholders at the Company's AGM in July 2015 and is applicable for a period of three years, unless shareholder approval is sought within that period to amend the Policy.

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.

The Committee deals with all aspects of remuneration of the Executive Directors including:

- > setting salaries;
- > agreeing conditions and coverage of annual incentive schemes and long term incentives;
- > policy and scope for pension arrangements;
- > determining targets for performance related schemes;
- > scope and content of service contracts; and
- > deciding the extent of compensation (if any) on termination of service contracts.

The Committee's members are currently Tim Clark (Committee Chairman), Richard Cotton, Georgina Harvey, Steve Johnson and Mark Richardson.

The Remuneration Committee's Terms of Reference are available on the Company website. The Committee met three times during the year.

## Summary of the Directors' Remuneration Policy ("the Policy")

The main components of the Policy and how they are linked to and support the Company's business strategy are summarised below.

The full policy which was approved by shareholders in July 2015 is available on the Company's website at [www.corporate.bigyellow.co.uk/investors.aspx](http://www.corporate.bigyellow.co.uk/investors.aspx). This includes details of policy regarding target setting; remuneration arrangements for new appointments; payments for loss of office; and other matters.

Element	Operation of element
<p><b>Salary, Benefits and Pension</b></p> <p>To provide a level of fixed compensation that can attract and retain talent required to successfully deliver on our business strategy.</p>	<p>Salaries are reviewed annually and typically set on 1 April after considering the salary levels in companies of a similar size and complexity in the FTSE 250.</p> <p>When considering any increases to base salaries in the normal course (as opposed to a change in role or responsibility), the Committee will take into consideration:</p> <ul style="list-style-type: none"> <li>&gt; level of skill, experience, scope of responsibilities and performance;</li> <li>&gt; business performance, economic climate and market conditions;</li> <li>&gt; increases provided to Executive Directors in comparable companies; and</li> <li>&gt; pay and employment conditions of employees throughout the Group, including increases provided to staff; and</li> <li>&gt; inflation.</li> </ul> <p>Our overall policy is normally to target salaries at close to (but generally below) median levels.</p> <p>Base salaries are intended to increase in line with inflation and general employee increases in salary; higher increases may be applicable if there is a change in role, level of responsibility or experience or if the individual is new to the role.</p> <p>The level of benefits provided is reviewed annually to ensure they remain market competitive. Benefits currently include: private fuel, private medical insurance, permanent health insurance and life assurance.</p> <p>The maximum contribution to an Executive Director's pension or salary supplement is 20% of gross basic salary. Executive Directors currently receive a contribution of 15% of salary.</p>
<p><b>Annual bonus</b></p> <p>To provide cash awards which aligns reward to key Group strategic objectives and drives short-term performance.</p>	<p>Maximum opportunity of 25% of salary with 10% of salary payable at target and 0% payable at threshold.</p> <p>Payments are directly linked to store performance which is measured based on occupancy growth and net contribution, customer satisfaction and store standards.</p>
<p><b>Long Term Incentive Plan ("LTIP")</b></p> <p>To align Executive Directors' interests with those of shareholders and rewards value creation.</p>	<p>LTIP maximum grant is 100% of salary per annum with grants normally made at the maximum. Awards will vest at the end of a three year performance period subject to:</p> <ul style="list-style-type: none"> <li>&gt; EPS (70% of award) which provides a link to earnings growth and value creation in the Company; and</li> <li>&gt; Relative TSR (30% of award) which provides a link to delivering returns in excess of companies in the FTSE Real Estate Index.</li> </ul> <p>The LTIP contains clawback and malus provisions.</p>

## Summary of the Directors' Remuneration Policy ("the Policy") (continued)

Element	Operation of element
<b>Long Term Bonus Performance Plan</b> To ensure that the total remuneration package is more competitive, supports the Company's strategy and its ability to react to changing economic and business circumstances.	<p>The total maximum incentive value awarded across all four Executive Directors will not exceed 4 x 450% of base salary (over a three year performance period); however each individual will have the potential to be awarded a maximum of 675% of base salary (so long as the total maximum is not exceeded).</p> <p>Vesting depends on an annual assessment of performance (over three years but reviewed annually) against a series of financial and non-financial targets aligned with the annual business plan.</p> <p>The value accrued to participants may be subject to clawback if subsequent performance reflects adversely on achievement of the targets. The LTBPP also contains malus provisions.</p> <p>A further holding period will apply to 50% of the award, such that 25% will be released one year after vesting, and the remaining 25% will be released two years after vesting, so that the full release of vested entitlements takes place over five years.</p> <p>Within the constraints of business confidentiality, performance measures for each year are disclosed in the corresponding Annual Report on Remuneration – the information for this year can be found on page 74.</p>
<b>Sharesave Scheme</b> To encourage share ownership by all employees.	<p>This HMRC approved scheme allows employees to align their interests with those of investors and also to share in the long-term success of the Company. The annual allowance for investing in the Sharesave scheme is £6,000.</p>
<b>Shareholding policy</b> Ensures that Executive Directors' interests are aligned with shareholders' over a longer time period.	<p>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 share plans if this guideline has not been met.</p>
<b>Non-Executive Director Fees</b> Provides a level of fees to support recruitment and retention of Non-Executive Directors with the necessary experience to advise and assist with establishing and monitoring the Group's strategic objectives.	<p>Fee levels are normally reviewed annually in March and are set at broadly median levels for comparable roles at companies of a similar size and complexity within the FTSE250.</p> <p>Fees are intended to rise in line with inflation.</p> <p>The fees may be paid in the form of shares.</p>

# Remuneration Report (continued)

Year ended 31 March 2016

## Illustrations of application of the Policy

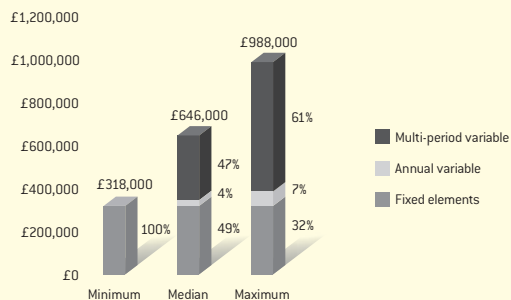
The graph below seeks to demonstrate how pay varies with performance for the Executive Directors based on the Policy approved by shareholders. This is based on pay for the year ending 31 March 2017.

Element	Description
<b>Fixed</b>	Total amount of salary, pension and benefits.
<b>Annual variable</b>	Money or other assets received or receivable for the reporting period as a result of the achievement of performance conditions that relate to that period (i.e. annual bonus payments).
<b>Multiple period variable</b>	Money or other assets received or receivable for multiple reporting periods as a result of the achievement of performance conditions over a given period under the LTIP and LTBP. For the purposes of these charts, the LTBP is represented by one-third of the potential vesting as it is granted once every three years. This provides a better comparison from year to year and against other companies.

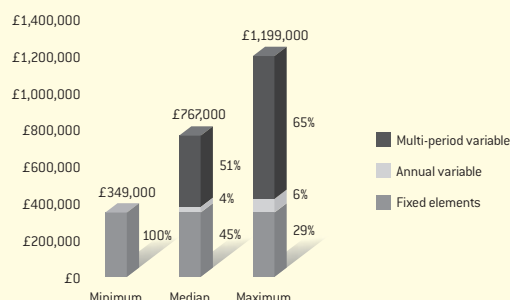
Assumptions used in determining the level of pay out under given scenarios are as follows:

Element	Description
<b>Minimum</b>	Fixed pay only (no variable payments under annual bonus and Company's LTIP or LTBP).
<b>On-target</b>	40% of annual bonus award being paid (ie 10% of basic salary), 50% vesting of the LTIP and 50% vesting of the annualised value of the three year LTBP.
<b>Maximum</b>	100% of annual bonus award being paid (ie 25% of basic salary) and 100% vesting of the LTIP, one-third of 100% vesting of the three year LTBP.

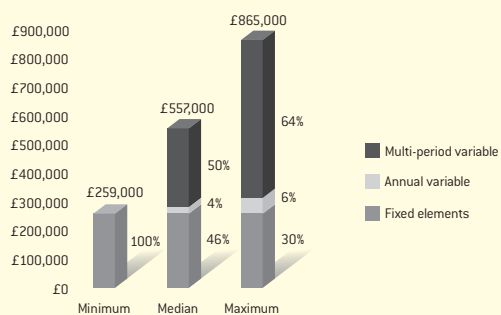
### Executive Chairman



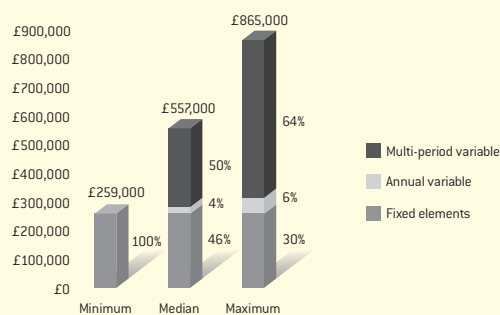
### CEO



### Operations Director



### CFO



### Consideration of shareholders' views

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 2015 Remuneration Report and the binding vote on the Remuneration Policy at the AGM held on 21 July 2015.

	Votes for	%	Votes Against	%	Votes withheld
2015 Remuneration Report	120,266,913	98.00	2,459,349	2.00	2,463,155
2015 Remuneration Policy	124,032,466	99.22	979,331	0.78	177,620

The views of our shareholders are very important to us and 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 Policy, the Remuneration Committee chairman will inform major shareholders in advance, and will offer a meeting to discuss these.

This policy report was approved by the Board of Directors on 23 May 2016 and signed on its behalf by

#### Tim Clark

Remuneration Committee Chairman

# Remuneration Report (continued)

Year ended 31 March 2016

## ANNUAL REPORT ON REMUNERATION

This section of the Remuneration Report contains details of how the Directors' Remuneration Policy ("the Policy") was implemented during the year ended 31 March 2016. Note that the whole Annual Report is not subject to Audit – the regulations specify individual sections of this report which are required by the Regulators to be subject to audit are:

- > Single figure table and notes;
- > Scheme interests awarded during the financial year;
- > Payments to past Directors;
- > Payments for loss of office; and
- > Statement of Directors' shareholding and share interests.

### Single total figure of remuneration

The table below sets out the single total figure of remuneration and breakdown for each Executive Director paid in the year ended 31 March 2016. The figures have been calculated in accordance with the remuneration disclosure regulations (The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013).

Year ended 31 March 2016	Salary £		Taxable benefits £		Annual bonus £		Long term incentives £		Pensions £		Sharesave Scheme £		Total £	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Nicholas Vetch	264,500	259,300	4,081	3,960	31,740	32,412	548,680	1,071,925	39,675	25,930	-	-	888,676	1,393,527
James Gibson	290,100	284,400	4,681	4,676	34,812	35,550	601,738	1,403,224	43,515	28,440	13,965	-	988,811	1,756,290
Adrian Lee	215,000	210,600	4,041	3,765	25,800	26,325	404,353	952,137	32,250	21,060	-	15,250	681,444	1,229,137
John Trotman	215,000	200,000	2,227	1,866	25,800	25,000	404,353	952,137	32,250	20,000	-	15,250	679,630	1,214,253
Total	984,600	954,300	15,030	14,267	118,152	119,287	1,959,124	4,379,423	147,690	95,430	13,965	30,500	3,238,561	5,593,207

Taxable benefits comprise medical cover, permanent health insurance, life insurance and private fuel usage. James Gibson receives a cash supplement in lieu of pension contributions.

The value shown in long term incentives in the current year is the LTIP award granted in 2012 which vested on 11 July 2015 to 100% of its maximum value and is valued using the share price on that date of 651.5p. The award granted for 2016 is 100% of salary for each Executive Director.

The average salary increase across the Group in the year was 2%. The Executive Directors increases were also 2%, with the exception of John Trotman (7.5%). The salary increase for John Trotman reflects the previously explained strategy of the Committee to bring his salary in line with Adrian Lee's salary, which has been achieved as of the year to 31 March 2016. Future increases for John Trotman are expected to be in line with the increases provided to other Executive Directors.

The value shown for the Sharesave Scheme is the value of the shares under option at vesting less each Director's contributions to the scheme.

### Annual Bonus Plan awards

The policy of the Company is that the bonus paid to the Executive Directors is the same as the average of the bonus awards (as a % of salary) paid to the 71 stores on achieving their targets during the course of the year.

In respect of the year under review, the Executive Directors' performance was carefully reviewed by the Committee, in consultation with the Executive Chairman in respect of the other Executive Directors.

The Committee determined that a bonus should be paid to the Executive Directors and therefore a bonus of 12% of salary in the year was made. This is the same as the average of the bonus awards paid to the stores based on their achievement of their targets during the course of the year.

The weighting of the measures in bonus plan for the stores, details of the targets and the process of assessment against these are provided in the table below.

Measure	Weighting	Details
Occupancy and net contribution	70%	<ul style="list-style-type: none"> <li>&gt; Each store is set a quarterly target for occupancy and net contribution.</li> <li>&gt; The weighting of the contribution of each of these metrics to the bonus varies based on store occupancy, with higher occupied stores having a greater weighting towards their performance against net contribution.</li> <li>&gt; 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.</li> </ul>
Customer satisfaction	20%	> Based on achievement against net promoter score targets set for each store and individual customer service awards achieved for each store.
Store standards	10%	> Based on internal audit compliance score, for which stores receive a bonus if they pass the threshold score of 85%.
<b>Total</b>	<b>100%</b>	

The targets for each of the 71 stores have not been disclosed in the table as they are commercially sensitive. The Company provides full retrospective disclosure of the performance measures, targets and performance against targets for the LTIPP which is assessed on an annual basis against targets set in relation to the Group's business plan and Group-wide KPIs. This can be found on page 74.

The performance in the year resulted in a bonus of 12% of salary which equated to the following payments for the Executive Directors:

- > Nicholas Vetch – £31,740
- > James Gibson – £34,812
- > Adrian Lee – £25,800
- > John Trotman – £25,800

### Long Term Incentive Plan ("LTIP") awards

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 are set out below. Vesting is conditional on the achievement of an underpin EPS growth of an average of 3% above RPI per annum. This hurdle was met for the 2012 awards, with average growth in EPS of 16.3%, compared to RPI plus 3% of 6.1%.

The Committee assessed the extent to which the performance conditions have been satisfied for the 2012 award which vested in 2015, with the following results:

Condition	Weighting	Threshold performance required	Maximum performance required	LTIP value for meeting threshold and maximum performance (% salary)	Performance achieved	Vesting %
Relative TSR	100%	Median of comparator group of real estate companies	Upper quartile of the comparator group	25% – 100%	7 out of 34 in comparator group	100%
<b>Total</b>	<b>100%</b>					<b>100%</b>

### LTIP awards granted in year ended 31 March 2016

The table below sets out the details of the long term incentive awards granted in the year ended 31 March 2016 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 <sup>(1)</sup>	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	£264,500	25%	100%	21 July 2018	Adjusted EPS growth and relative TSR
James Gibson			£290,100				
Adrian Lee			£215,000				
John Trotman			£215,000				

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

The performance conditions applicable to the awards granted in the year ended 31 March 2016 are set out below:

Condition	Weighting	Threshold performance required	Maximum performance required	LTIP value for meeting threshold and maximum 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%	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.
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.
<b>Total</b>	<b>100%</b>				

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



## Remuneration Report (continued)

Year ended 31 March 2016

### Long Term Bonus Performance Plan

The following awards were made during the year under the LTBP:

Director	Award type	Awards as a % of salary at the time of grant	Face value of award	Percentage of award vesting at threshold performance	Maximum percentage of face value that could vest	Performance period end date	Performance conditions
Nicholas Vetch	Granted every three years, award converts to nil cost options on vesting.	377%	£996,900	0%	100%	31 March 2018	Assessed annually on a basket of measures
James Gibson		496%	£1,440,000				
Adrian Lee		464%	£996,900				
John Trotman		464%	£996,900				

The performance targets for the LTBP are not disclosed for the year ahead, given the commercially sensitive nature of a number of the targets (which are derived from the Group's business plan). Shortly after the end of each year, the Committee assesses the key targets and the extent to which management has been able to meet these targets for that year and reports on this assessment (excluding any that are still commercially sensitive). The targets are only adjusted during the year if material events occur that necessitate a change to the business plan. The report on the targets for the year ended 31 March 2016 (other than those which remain commercially sensitive) is summarised in the table below:

Objective	Committee Comment
Grow the Group's annual free cash flow for the year to 31 March 2016 to £51.6 million from £42.4 million in the year to 31 March 2015.	The Group's free cash flow for the year to 31 March 2016 was £55.5 million, an increase of 31% from the prior year.
Complete the drawdown of the M&G loan in June and repay the interim Lloyds facility.	The M&G loan was drawn as planned on 29 June 2015 and the interim Lloyds facility repaid on that date.  Additionally, in August 2015, the Group completed a further refinancing of the Group bank debt, extending its maturity to October 2020, with an option for a further year, whilst reducing the bank margin by 25bps. The Group also put in place an accordion of £80 million to give the flexibility to fund future expansion through bank debt.
Comply with all banking covenants and maintain a net worth in excess of £750 million.	All banking covenants were complied with during the year. Net worth has grown by £78.5 million to £829.4 million.
Grow the occupancy of the stores open at 31 March 2015 from 73.2% to 78.2% by 30 September 2015, and following the seasonal occupancy loss in the third quarter, recover to this level by 31 March.	The occupancy of the like for like stores at 31 March 2016 was 76.7%, representing growth of 3.5 percentage points from 31 March 2015. The occupancy at 30 September 2015 was 77.3%.
Grow the average net rent per square foot across the wholly owned stores from £25.23 per square foot by 2% to £25.73 by 31 March 2016.	The net rent per sq ft at 31 March 2016 was £25.90, an increase of 2.7% from 31 March 2015.
Meet budgeted revenue (£101.1 million) and profit before tax (£49.0 million) targets.	Revenue for the full year was £101.4 million, and adjusted PBT was £49.0 million, ahead of, and in line with budget respectively.
Maintain the Group's online market share measured against the top 35 self storage operators by Connexity Hitwise, at 35% to 38%.	The Group's average market share over the course of the financial year was 37%. The nearest competitor had a market share of 17% for the year.
Review potential sites (in London and key target towns outside of London) for store acquisition with a view of acquiring at least one new site in the year.	The Group has acquired a site in Kings Cross, which was a key strategic target location. In addition, the Group has acquired a site in Camberwell, which will complement existing stores in Kennington and New Cross.
Construct Cambridge on time and on budget, with the store due to open in January 2016.	The store was constructed on budget, and opened as planned in January 2016.
Obtain a place in the Sunday Times Best 100 Companies to work for.	Big Yellow earned a two star accreditation and ranked 80th in the Sunday Times Best 100 Companies to work for.
Sell the surplus land at Manchester during the year.	The Group sold the surplus land at its Manchester site for £8 million during the year. Discussions are ongoing with the Planning Authority in respect of the Big Yellow store on the remaining land.
Reduce the carbon intensity for the year to 31 March 2016 (KgCO <sub>2</sub> /m <sup>2</sup> of occupied space) by 5% from the year to 31 March 2015.	Carbon intensity was reduced by 16% for the year to 31 March 2016.

The other targets, covering areas such as real estate, staffing and certain financial 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 concluded that the award in respect of the financial year ended 31 March 2016 has provisionally vested as to 90% of its potential amount for the year.

### 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 approval 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 77.

### 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 2016, the Company contribution was 15% of salary for the Executive Directors.

### Payments to past Directors

No payments of money or any other assets were made to any former Director of the Company in the financial year ended 31 March 2016 (2015: no payments).

### Payments on loss of office

No payments were made to any Directors in respect of loss of office during the financial year ended 31 March 2016 (2015: no payments).

### Non-Executive Directors

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 2016.

	Fees £		Taxable benefits £		Total £	
	2016	2015	2016	2015	2016	2015
Tim Clark	42,800	41,900	–	–	42,800	41,900
Richard Cotton	40,100	39,300	–	–	40,100	39,300
Georgina Harvey	37,600	36,800	–	–	37,600	36,800
Steve Johnson	37,600	36,800	–	–	37,600	36,800
Mark Richardson	40,100	39,300	–	–	40,100	39,300
Total	198,200	194,100	–	–	198,200	194,100

Non-Executive Director fees were increased by 2% for the year ended 31 March 2016.

### Implementation of the Policy

The main elements of Executive Director remuneration for the year ended 31 March 2016 and the forthcoming financial year are summarised below:

Element	Implementation in 2015/16	Implementation in 2016/17
Base salary	<p>Salary levels for Executive Directors:</p> <ul style="list-style-type: none"> <li>&gt; Executive Chairman: £264,500</li> <li>&gt; Chief Executive: £290,100</li> <li>&gt; Operations Director: £215,000</li> <li>&gt; Chief Financial Officer: £215,000</li> </ul> <p>Salaries were increased by 2% from the 2014/15 salaries with the exception of Chief Financial Officer who received a 7.5% increase to bring his salary in line with the Operations Director. Increases for the wider employee population were 2%.</p>	<p>Salary levels for Executive Directors:</p> <ul style="list-style-type: none"> <li>&gt; Executive Chairman: £269,800</li> <li>&gt; Chief Executive: £296,000</li> <li>&gt; Operations Director: £219,300</li> <li>&gt; Chief Financial Officer: £219,300</li> </ul> <p>Salaries were increased by 2% from the 2015/16 salaries. Increases were made in accordance with the Policy. Increases for the wider employee population were 2%.</p>
Benefits and Pension	Contribution of 15% of salary made into Executive Directors personal pension plan, or a cash supplement of equivalent value paid in lieu of pension contribution.	<i>No change</i>
Annual bonus	<p>Maximum opportunity of 25% of salary.</p> <p>Assessed on stores' performance against our Key Performance Indicators:</p> <ul style="list-style-type: none"> <li>&gt; Occupancy and net contribution together represented 70% of the bonus</li> <li>&gt; Customer satisfaction (20%)</li> <li>&gt; Store standards (10%)</li> </ul>	<p><i>No change</i></p> <p>The Committee is of the opinion that further disclosure of targets for the bonus plan are commercially sensitive, and that it would be detrimental to disclose them at this time of the financial year. Performance against the targets will be disclosed at the end of the performance period.</p>

## Remuneration Report (continued)

Year ended 31 March 2016

### Implementation of the Policy (continued)

Element	Implementation in 2015/16	Implementation in 2016/17
Long Term Incentive Plan	<p>Maximum opportunity of 100% of salary, with grants of 100% of salary for each of the Executive Directors.</p> <p>These awards were granted with the following performance conditions:</p> <ul style="list-style-type: none"><li>&gt; 70% adjusted EPS – adjusted EPS growth of RPI+3% for 25% of this element of the award to vest with full vesting occurring for adjusted EPS growth of RPI+8% p.a.;</li><li>&gt; 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.</li></ul>	<i>No change</i>
Long Term Bonus Performance Plan	<p>The following awards as a % of salary were made to the Executive Directors under this plan:</p> <ul style="list-style-type: none"><li>&gt; Executive Chairman – 377%</li><li>&gt; Chief Executive – 496%</li><li>&gt; Operations Director – 464%</li><li>&gt; Chief Financial Officer – 464%</li></ul> <p>The assessment of targets for the 2015/16 year end can be found on page 74.</p>	No awards will be made this year as awards are granted every three years.

### Non-Executive Directors

Executive	2015/16 fee	2016/17 fee	% increase
Tim Clark	£42,800	£43,700	2%
Richard Cotton	£40,100	£41,000	2%
Georgina Harvey	£37,600	£38,400	2%
Steve Johnson	£37,600	£38,400	2%
Mark Richardson	£40,100	£41,000	2%

### 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

The Executive Directors are required to build and maintain a holding of 200% of base salary. These requirements have been met by all Executive Directors during 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 2016 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. The LTBP awards shown in the table below are calculated by reference to the total award value divided by the Company's share price at 31 March 2016.

Director	Share ownership requirement (% of salary)	Share ownership requirements met	Beneficially owned shares	LTIP awards subject to performance conditions	LTBP awards subject to performance conditions	Unexercised Sharesave options	Options exercised in the financial year
Nicholas Vetch	200%	Yes (25,842%)	9,002,397	148,845	128,715	–	169,064
James Gibson	200%	Yes (7,118%)	2,479,700	163,251	185,926	1,480	217,882
Adrian Lee	200%	Yes (2,383%)	830,435	117,773	128,715	2,960	146,911
John Trotman	200%	Yes (415%)	144,658	115,710	128,715	3,639	146,911
Richard Cotton	N/a	N/a	73,485	–	–	–	–
Mark Richardson	N/a	N/a	27,225	–	–	–	–
Tim Clark	N/a	N/a	18,652	–	–	–	–
Steve Johnson	N/a	N/a	10,000	–	–	–	–
Georgina Harvey	N/a	N/a	13,013	–	–	–	–

### Directors' share options

To provide further context on the shareholding of Directors, options in respect of ordinary shares for Directors who served in the year are as below:

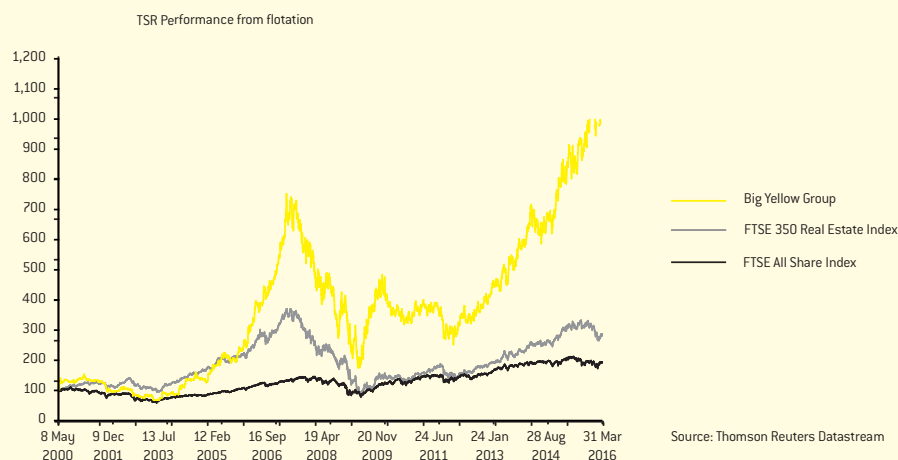
Name	Date option granted	Scheme	No. of shares under option at 31 March 2015	Granted during the year	Exercised during the year	Lapsed during the year	No. of shares under option at 31 March 2016	Exercise price	Market price at date of exercise	Date from which first exercisable	Expiry Date
<b>Nicholas Vetch</b>	11 July 2012	LTIP	84,218	–	(84,218)	–	–	nil p	704.5p	11 July 2015	10 July 2022
	22 July 2013	LTIP	60,266	–	–	–	<b>60,266</b>	nil p	–	22 July 2016	21 July 2023
	29 July 2014	LTIP	50,467	–	–	–	<b>50,467</b>	nil p	–	29 July 2017	28 July 2024
	21 July 2015	LTIP	–	38,112	–	–	<b>38,112</b>	nil p	–	21 July 2018	20 July 2025
<b>James Gibson</b>	11 July 2012	LTIP	92,362	–	(92,362)	–	–	nil p	696.5p	11 July 2015	10 July 2022
	18 March 2013	SAYE	2,965	–	(2,965)	–	–	303.5p	774.5p	31 March 2016	1 October 2016
	22 July 2013	LTIP	66,098	–	–	–	<b>66,098</b>	nil p	–	22 July 2016	21 July 2023
	29 July 2014	LTIP	55,352	–	–	–	<b>55,352</b>	nil p	–	29 July 2017	28 July 2024
	21 July 2015	LTIP	–	41,801	–	–	<b>41,801</b>	nil p	–	21 July 2018	20 July 2025
14 March 2016	SAYE	–	1,480	–	–	<b>1,480</b>	608.0p	–	31 March 2019	1 October 2019	
<b>Adrian Lee</b>	11 July 2012	LTIP	62,065	–	(62,065)	–	–	nil p	696.5p	11 July 2015	10 July 2022
	22 July 2013	LTIP	45,804	–	–	–	<b>45,804</b>	nil p	–	22 July 2016	21 July 2023
	29 July 2014	LTIP	40,989	–	–	–	<b>40,989</b>	nil p	–	29 July 2017	28 July 2024
	21 July 2015	LTIP	–	30,980	–	–	<b>30,980</b>	nil p	–	21 July 2018	20 July 2025
	14 March 2016	SAYE	–	2,960	–	–	<b>2,960</b>	608.0p	–	31 March 2019	1 October 2019
<b>John Trotman</b>	11 July 2012	LTIP	62,065	–	(62,065)	–	–	nil p	696.5p	11 July 2015	10 July 2022
	22 July 2013	LTIP	45,804	–	–	–	<b>45,804</b>	nil p	–	22 July 2016	21 July 2023
	29 July 2014	LTIP	38,926	–	–	–	<b>38,926</b>	nil p	–	29 July 2017	28 July 2024
	16 March 2015	SAYE	3,639	–	–	–	<b>3,639</b>	494.6p	–	31 March 2018	1 October 2018
	21 July 2015	LTIP	–	30,980	–	–	<b>30,980</b>	nil p	–	21 July 2018	20 July 2025

## Remuneration Report (continued)

Year ended 31 March 2016

### 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 since the Company's flotation in 2000. The FTSE All Share Real Estate Index is used for the assessment of the Company's LTIP.



### CEO Remuneration

The table below sets out the details of remuneration of the CEO over the past seven financial years.

Year	CEO single figure of total remuneration (£)	Annual bonus pay out % against maximum of 25% of salary	Long term incentive vesting rates against maximum opportunity %
2016	988,811	48% (12% of salary)	100%
2015	1,756,290	50% (12.5% of salary)	98%
2014	536,262	40% (10% of salary)	53%
2013	335,891	40% (10% of salary)	0%
2012	1,400,570	40% (10% of salary)	89%
2011	325,968	40% (10% of salary)	0%
2010	875,593	40% (10% of salary)	100%

The single figure of remuneration for 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 £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 2016 compared with 2015	
	CEO	Employees
Salary and fees	2%	2%
All taxable benefits	0%	1%
Annual bonuses	(2%)	(2%)
Total	2%	2%

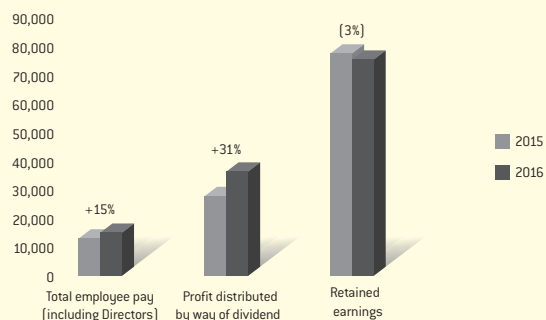
### Statement of consideration of employment conditions elsewhere in the Group

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 Bonus Plan award for Executive Directors is directly linked to the bonuses award 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 2016 and 31 March 2015 compared with other disbursements from profit, being the distributions to shareholders and retained earnings [comprehensive gain for the year less dividends].



### Advisers to the Remuneration Committee

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.

The Committee relies upon remuneration data provided by PwC. In addition, PwC has provided advice to the Committee on the preparation of this report as well as on market practice and trends. PwC is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK.

The Committee is satisfied that advice received from PwC during the year was objective and independent.

Adviser	Appointed by	Services provided to the Committee in 2015/16	Fees in relation to remuneration advice
PwC	Remuneration Committee in 2008	Advice on vesting of 2012 LTBP. Advice on participant documentation for 2015 LTBP. Support in the drafting of the Directors' Remuneration Report.	£21,000